

Analysis of Budget 2013 from a Children and Families Perspective

December 2012

Barnardos is deeply concerned about the impact the measures outlined in Budget 2013 will have on children and families across Ireland, particularly those struggling on low incomes. This Budget belies the Government's commitment to fairness and equity in the face of recession. The cumulative effect of cuts to key child related social welfare payments coupled with the imposition of wide ranging taxes will have a detrimental impact on vulnerable low income families. It will inevitably lead to greater incidences of poverty and deprivation for children.

What will this mean for families in 2013?

A family with three children will lose **€456** per year due to cuts in Child Benefit, this will increase to **€606** if these children are eligible for the Back to School Clothing and Footwear Allowance.

All workers earning over €18,305 will pay an extra €264 per year in PRSI.

For families who own their own home, they will pay at least €45 in property tax in 2013, rising to €90 in 2014.

Below is an outline of all Budget measures affecting children and families as announced this week.

Taxation Measures

Property Tax

A tax of 0.18% will be applied on properties valued up to €1m and a rate of 0.25% on properties exceeding €1m. On a house valued at under €100,000 the annual tax will be €90, on a house valued at €200,000 the tax will be €315. The tax comes into force in July 2013 so a half rate will apply, the first full year will be in 2014. From 2015, local authorities will be able to vary the rates by 15% above or below the central national rates.

PRSI

The standard allowance of €127 per week will be abolished meaning most workers will pay an extra €264 per year. It will apply to all those earning over €352 per week / €18,304 per year. It is inequitable as all employees regardless of their salary will pay this extra €264.

Carbon Tax

This tax will now also apply to peat and coal (it currently applies to all other fuels i.e. diesel, petrol, electricity etc) and be introduced on a phased basis from May 2013. It will affect those in lower income families the most as they largely rely on solid fuels as their primary source of heat.

Motor Tax

An increase of 15% on all bands of motor tax so price increases will range from €10-€126 per year.

Department of Children and Youth Affairs

Overall Department budget is €443m in 2013, an increase of €16m on 2012.

- Barnardos welcomes the maintenance of Free Part Time Pre-School Year which costs €175m.
- Allocation of €14.5m for the creation of 6,000 after-school places for children in primary school. The places will be targeted at low-income families where the parents are availing of an employment opportunity through the Department of Social Protection's INTREO service which is designed to help unemployed people get back to work, training or education. It is planned that interested childcare providers, both community and commercial, will be paid a subsidy where a parent is referred by the Department of Social Protection. Schools who are interested in providing on-site after-school provision may also be included. Work on a pilot scheme will begin in early 2013. Barnardos is concerned that the primary motivation for introducing such a scheme is to activate parents back into the labour market as opposed to focusing on children's needs and the development of greater professionalization and quality in the childcare and after-school care sector. It falls far short of the promised commitment to 'Scandinavian style childcare model'.
- A budget of €2.5m is earmarked for the roll out of 'Area Based Approaches to Child Poverty'. This initiative will build on and continue the work of the Prevention and Early Intervention Programme (PEIP) which supported projects in Tallaght, Ballymun and Darndale.
- Barnardos welcomes the continuation of Community Childcare Subvention (CCS) programme for community based crèches and the Childcare Employment and Training Support (CETS) scheme which provides childcare places for qualifying FAS and VEC students.
- Allocation of €20.4m for new detention facility for young offenders in Oberstown is also very welcome. Work is due to begin in 2013.
- Allocation of €546m to the Child and Family Support Agency which will be fully operational in 2013 with approximately 4,000 staff. This is down from €568m in 2012. It is important that the Agency is given sufficient resources to achieve all its objectives, especially in the area of prevention and early intervention. The first year is crucial to ensure that the Agency can implement consistency and high standards across all child welfare and protection services.
- €5 million has been allocated to provide for a number of initiatives including a new capital programme for Youth Cafes and other youth projects as well as schemes funding Play and Recreation and Parent and Toddler groups.
- For youth services there is reform funding streams from five to one from January 2013. There will be no cut to funding for local voluntary youth clubs.

Department of Social Protection

Overall Department budget is €20.26bn for 2013, a reduction of €0.8bn on 2012. This is a reduction of €390m.

- Barnardos welcomes the maintenance of basic adult social welfare rates.
- Child Benefit –

	2011	2012	2013	Loss between 2012-2013
1 st & 2 nd child	€140	€140	€130	-€10
3 rd child	€167	€148	€130	-€18
4 th and subsequent children	€177	€160	€140	-€20

The reduction in Child Benefit payments for all children is unfair as it will have disproportionate impact on the poorest children. This is on top of already significant cuts to Child Benefit rates since 2010 with no compensation to low income families.

- The change to the Back to School Clothing and Footwear Allowance is of great concern to Barnardos. The rate is being reduced again from €150 to €100 for 4-11 year olds and from €250 to €200 for 12 years and over. This is a hugely significant cutback as already many families are experiencing significant debt to meet back to school costs. Annually, Barnardos' School Costs survey highlights the financial stress parents are under and the further reduction in the BSCFA will exacerbate this. In families with three or more children this cut coupled with the loss of Child Benefit will leave more families in debt next September.
- The duration of the Job Seekers Benefit payment has decreased from 12months to 9 months which will mean those who are unemployed will now be means tested after 9 months to see if they qualify for Job Seekers Allowance.

Department of Education and Skills

Overall Department budget for 2013 is €8.514 billion a reduction of €90 million.

- Barnardos welcomes the announcement that the overall number of Special Needs Assistants (SNAs) and resource teachers will be maintained at current levels.
- There will be no increase in the general average of 28:1 ratio for the allocation of classroom teachers at primary level. Class sizes will be increased by 2 points up to 23:1 in fee paying secondary schools.
- The DEIS scheme is also protected with no overall changes to staffing levels, which is very welcome.

- A complete overhaul of the Junior Cycle is now underway, and will be supported by an investment of €3 million in 2013, and €8.7 million in 2014.
- The Literacy and Numeracy Strategy will continue to be rolled out, at a cost of €6.5 million in 2013.
- Those on the Vocational Training Opportunities Scheme (VTOS), Youthreach and FAS courses in 2013, who move from Job Seekers Allowance (JSA) will no longer have their new payments increased to the maximum €188 per week, in cases where their JSA is less than this. However, people under 25 will continue to have their payment increased up to a maximum of €160.

Department of Health

Overall Department budget is €14bn for 2013, this is a reduction of €781m.

- The prescription charge will increase from 0.50c to €1.50c per item. The monthly threshold at which the charge is capped is increasing from €10 to €19.50. These changes will impact on families in receipt of the medical card.
- The monthly threshold for the drug payment scheme increased from €132 to €144. This will particularly affect low income families with a long term illness who do not have a medical card.
- A further €35m was allocated for the continuing development of mental health services.

Department of Environment

Within the overall Department budget, €67m has been allocated to housing.

- It is planned that over 5,000 units will be provided for social housing in 2013. This will include:
 - 350 units for people with special housing needs
 - 150 units specifically for people leaving institutional care
 - an additional 400 permanent homes delivered through capital expenditure under the Social Housing Investment Programme
 - 300 transfers under the Mortgage to Rent Scheme
 - some 4,000 units will be delivered under social leasing, including property transfers from NAMA, the Rental Accommodation Scheme (RAS) and mortgage to lease.

Conclusion

Budget 2013 will adversely affect children in low income families. The combined impact of cuts to incomes and social welfare payments and imposition of taxes will make it increasingly difficult for families to meet the needs of their children. Parents will be forced to make difficult choices, often ending up in debt or leaving bills unpaid as they strive to provide for their children.