



Pre-budget submission to Department of Social Protection

Older & Bolder Budget 2013

Please find below Older & Bolder's response to the invitation to send in a brief written submission on issues relevant to the formulation of the Budget which are within the remit of the Department of Social Protection.

Budgetary Context

Older & Bolder encourages the Minister for Social Protection to continue to ensure that misperceptions about older people's economic experience do not distort the Government's budgetary decisions.

Despite experience and evidence to the contrary the myth that older people have been unaffected by the economic downturn persists. This is simply not true, older people are now shouldering additional cuts to services, reductions in benefits and new charges.

- Older people have been affected by : €12.5 million cut to home help and home care services, the loss of the Christmas bonus, implementation of Universal Social Charge, prescription charges, electricity levy, introduction of household charge, reduction in the Fuel Allowance from 32 to 26 weeks, increased tax on home heating fuel, reduction in medical card cover for dentistry, increases in VAT and DIRT, cuts in frontline health and social care services, rising costs of medical insurance; and they will be affected by planned water and carbon tax charges.

The reality is that older people are using modest fixed incomes to absorb additional costs and to plug holes in support systems.

- Illness and disability are clustered in later life meaning that the cuts to frontline health services affect older people disproportionately¹. The cost of heating, maintaining and modernising older housing stock is often challenging on a modest fixed income. Many older people use the State Pension to plug holes in support structures. For example, where public transport is available it is valued highly, however, where no appropriate transport is available older people are paying for taxis to carry out the weekly shop or attend medical appointments.

These increased costs and reduced supports have served to increase older people's reliance on the supports provided by the Department of Social Protection. This fact is reflected in CSO statistics where

¹ In 2010, almost 56% of the elderly said they suffered from a chronic illness – EU SILC 2010.

older people's reliance on the State Pension and other social transfers increased to 91% in 2010 from 88% in 2009 (CSO SILC report 2010).

Department of Social Protection supports like the **State Pension, Household Benefits Package, Medical Card, Free Travel Pass** and **National Fuel Scheme** continue to be greatly valued by older people. These supports have a huge impact far beyond their monetary value. Along with preventing and reducing the risk of poverty these supports assist older people to maintain independence and dignity, manage their health, stay socially connected and to continue to support their families and communities.

Older & Bolder fears that a smokescreen of 'targeting wealthy older people' will be used to target the State Pension and related benefits for cuts. Doing so would actually hit poorer older people harder as any cut to the State Pension would represent a greater proportion of their already very modest fixed income.

We know that when this issue was raised earlier in the year the Minister was resolute in rejecting an inappropriate focus solely on older people emphasising that the focus should be on richer people in society, regardless of age. We encourage the Minister to continue to champion this understanding in the Government's budgetary decision making.

State Pension

The Irish State Pension and related supports provide a vital safety net that we all contribute towards and rely on. 2010 EU SILC figures show that less than 5% of older people are on incomes in the top income deciles (above €39,000). The same data shows a decrease in the average income for older people, a reduction in income from employment and a greater reliance on the State Pension. In this context the Irish State Pension and related supports are proving to be a vital safety net. Consequently, and as mentioned previously, the proportion of older people that rely on the State Pension to protect them from risk of poverty has increased from 88% in 2009 to 91% in 2010 (EU SILC 2010).

Older & Bolder urges the Government to continue to maintain this fundamental cornerstone of our society which we should all be able to rely on.

Radical changes to State Pension

Older & Bolder is calling on the Minister to launch a public awareness campaign to highlight the implications of the radical changes to the Contributory State pension.

As of April 6th 2012 a larger overall number of PRSI contributions is required to receive a full pension and people with breaks in their PRSI records – for example women who have taken time out of the labour force to mind children or older relations – may face serious shortfalls in their incomes.

Older & Bolder is already hearing from people for whom this is a real issue. They are frustrated as they were not aware of the implications of these changes until it was too late to make amends.

Older & Bolder is calling for provision to be made for those affected to be allowed make up the shortfall in contributions and for a public awareness campaign to reduce the number of people who are caught unawares by these changes in the future.

Furthermore, under the Social Welfare and Pensions Act 2011 the State Pension (Transition) will no longer be paid from 1 January 2014. This means individuals who retire at age 65 after this date will not have a State Pension on retirement due to an increase in qualifying age for the State Pension to 66. In addition to the loss of anticipated income, individuals will also lose the credited social insurance contributions currently provided by the Transition Pension. These credits help individuals to maintain entitlement to treatment benefit and to qualify for State pension (contributory). Unless the Minister for Social Protection makes a new arrangement before 2014, the only route open to individuals who want to maintain a complete social insurance record between the ages of 65 and 66 will be to sign on for job seekers benefit.

The suggestion that people apply for job seeker's allowance until they turn 66 and are entitled to the State Pension does not add up. Not only would such a move result in a lower rate of payment than the State Pension it would also be inappropriate for people who have effectively been forced to stop working due to the mandatory retirement age to have to present themselves to their local dole office.

Older & Bolder urges the Minister to adopt a much more proactive approach to informing citizens about the implications of changes to the State pension systems and the Department's plans for dealing with those changes.

The National Positive Ageing Strategy

In June of this year Older & Bolder was delighted to hear Minister Kathleen Lynch tell the Seanad that she will publish the National Positive Ageing Strategy by October 2012. Doing so will honour the Government's commitment in the Programme for Government. It is clear that a successful strategy will require cross-departmental participation, ownership and responsibility as well as cross-sectoral working at national, local and national-to-local levels.

Older & Bolder urges the Department of Social Protection to communicate how it is planning for and anticipating its shared role in ensuring greater cross-departmental and cross-sectoral working and ultimately in implementing the National Positive Ageing Strategy.

Free Travel Pass

Accessible and affordable local transport is a lifeline that many older people rely on to link with family and community, visit banks or shops and access health and social services. Access to public transport systems not only promotes older people's independence and participation, it also supports local and rural economies and communities. However, over a third of older people living in rural areas have a

transport need that is not being met by public or private transport means². Where they are available **Rural Transport Schemes** and the **Free Travel Pass** are crucial.

In the December Budget for 2013 existing transport supports must be maintained; the alternative could put our ability to manage our own health and wellbeing at risk.

The Seanad Public Consultation Committee Report on The Rights of Older People (March 2012) explores a number of innovative transport schemes that could fill the gaps in Rural Transport schemes. The Seanad report is written with an understanding of financial constraints but also of the need to provide options for rural dwellers who do not have access to appropriate public transport, do not drive or cannot afford to keep a car.

Older & Bolder urges the Minister to consider the viability of introducing an innovative and flexible transport scheme like the Taxi Voucher Scheme operating in Northern Ireland and Suffolk County Council in the UK.

Revisiting these proposals is now very appropriate as the Seanad report notes that since the publication of the last review of Taxi Voucher Schemes in Ireland in 2000 “sophisticated technology and software have been developed which make such schemes more feasible and less costly”.

National Fuel Scheme

The Government’s decision, last year, to cut fuel, electricity and phone allowances comes at a time when fuel prices are rising and we are experiencing colder winters.

In Budget 2012 the heating season was cut by 6 weeks from 32 to 26 weeks. The fuel season for 2012/2013 will start on Monday, 8th October 2012 and finish on Friday, 5 April 2013. The full, cumulative effects of last years’ budget cuts will only become apparent as the winter season progresses.

Older & Bolder urges the Government not to cut these vital allowances any further – we know that cold temperatures are associated with increased mortality and the effects extend for 2-3 weeks after a cold snap. The older population is principally affected the most, with each 1°C decrease in temperature being associated with 2.6% increased total mortality³.

Older & Bolder welcomes and looks forward to the opportunity to make an oral presentation at the Department of Social Protection’s Pre-Budget Forum on 12th October 2012.

² CARDI, Centre for Ageing Research and Development, Transport and Rural Ageing Report in 2010

³ Goodman et al., Fuel poverty, older people and cold weather: an all-island analysis (2004)