

# PRE-BUDGET SUBMISSION 2014

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Submission from the Vincentian Partnership  
for Social Justice

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MAY 2013

**V**INCENTIAN  
**P**ARTNERSHIP  
FOR SOCIAL  
JUSTICE

# Pre Budget Submission 2014

The Vincentian Partnership for Social Justice (VPSJ) was established in 1996 to work for social and economic change tackling poverty and social exclusion; it consists of The Society of St Vincent de Paul, The Vincentian Congregation, The Daughters of Charity, and The Sisters of The Holy Faith.

Since 2001 the VPSJ has undertaken a number of studies to establish the cost of a minimum essential standard of living – the minimum required to make possible a standard of living which meets an individual's/household's physical, psychological, spiritual, and social needs.

## Key Points

- The VPSJ is very aware of the financial crisis and the challenges facing the Minister in the development of Budget 2014. Our research shows that many households in receipt of social welfare cannot afford a minimum essential standard of living. This Pre Budget Submission is presented with knowledge of the severe financial constraints under which Government decision makers operate. It is also made with the direct experience of the hardship of a growing number of low income families who cannot make ends meet.
- The following are some of our key recommendations, which focus on three household types: households with children; single adults of working age and pensioners living alone. The rationale and more detailed recommendations are outlined in the following pages.

## The VPSJ Recommends That:

- The Government recognize the substantially higher costs associated with adolescence by increasing the Qualified Child Payment. This payment should initially be increased for households with an adolescent, with increases for younger children to follow in the coming years. Such a move would target the households who are currently experiencing the greatest shortfalls in income.
- The Government continues its efforts to address the affordability of childcare, which is an enormous financial burden on working families.
- Further consideration be given to the relationship between the tax and social welfare system as our research demonstrates that the burden of taxation offsets some of the income supports targeted at low income families e.g. FIS.
- All social welfare payments should at the very least be increased in line with inflation. Our research demonstrates that the cost of a minimum essential standard of living rose by 2.8% between March 2012 and March 2013. Failure to increase payments in line with inflation is in effect a cut to the real value of the payment. Overall inflation was 0.5% in the same period.
- The Living Alone Allowance should be substantially increased to compensate for the additional costs faced by those who live alone.
- There be no further reductions to the Household Benefits Package. The cumulative effect of cuts to the Household Benefits Package and the increase in the prescription charge, along with rising prices has had a very negative impact on older people dependent on the State Pension.

## Research to Date

- 2012 Launch of Minimum Income Standard Calculator  
[www.misc.ie](http://www.misc.ie)
- 2012 The Cost of a Child
- 2012 A Minimum Income Standard for Ireland
- 2010 Minimum Essential Budgets for Households in Rural Areas
- 2008 Minimum Essential Budgets for Six Households – Changes in the Cost of a Minimum Essential Standard of Living from 2006-2008
- 2006 Minimum Essential Budgets for Six Households (Urban)
- 2004 Low Cost but Acceptable Budgets for Three Household Types
- 2001 One Long Struggle – A Study of Low Income Households

## Introduction

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The VPSJ welcomes the opportunity to make this Pre-Budget submission. This submission prepared by the Vincentian Partnership for Social Justice (VPSJ) focuses on three of the household types covered in our research:

- Households with Children
- Single Adults of Working Age
- Pensioners living alone.

The expenditure and income of each household type is analyzed in particular situations and recommendations are given based on the findings of the research.

The data given in this submission is based on the social welfare and tax system as it stands in 2013 and consumer prices from March 2013. Further information on the research and additional household types can be found on [www.budgeting.ie](http://www.budgeting.ie) and on the online calculator, which is available at [www.MISc.ie](http://www.MISc.ie).

## Households with Children

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This section focusing on households with children outlines the VPSJ's recommendations for Budget 2014. This is followed by an analysis of the financial situation of a number of welfare dependent households in 2013 and the contribution that specific child income supports make to the cost of a child. The situation of households in employment is then examined. The analysis provides the rationale for the recommendations.

### Recommendations

- The VPSJ recommends that initially the Qualified Child Payment be increased for households with an adolescent to help alleviate some of the financial burden being experienced by low income families. By increasing and targeting this payment, the Government can focus its limited resources on households who have the greatest shortfalls in income. Increases for younger children should follow over the coming years.
- The VPSJ recommends that all social welfare payments be increased at the very least in line with inflation.
- The VPSJ recommends that the BSCFA is restored to the 2012 rate, which although still falls far short of what low income households need, is nevertheless a step towards reversing the regressive trend of the last number of budgets. The VPSJ is also asking the Government to continue its work to encourage the implementation of book rental schemes and other such services which can play a role in reducing the cost of a minimum essential standard of living.
- The VPSJ recommends that the Government continues its efforts to make childcare more accessible and affordable.
- The VPSJ recommends that further consideration be given to the relationship between the social welfare and tax system. Our research demonstrates that the burden of taxation offsets some of the income supports targeted at low income families e.g. FIS.

## Households with Children in Receipt of Social Welfare

Table 1 expenditure and Income for 2013 for Welfare Dependent Households<sup>1</sup>

		Two Parent Baby, 3 & 10	Two Parent 10 & 15	One Parent Baby & 3	One Parent 10 & 15
<b>2013</b>	Expenditure	573.32	566.42	366.13	445.84
	Income	494.12	438.17	317.60	323.37
	Shortfall	-79.20	-128.25	-48.53	-122.47

Table 1 outlines the financial situation for a number of urban households with children reliant on social welfare in 2013. All households examined in Table 1 have significant weekly shortfalls in income. All welfare dependent households saw a reduction in their income between 2012 and 2013 due to cuts to Child Benefit and the Back to School Clothing and Footwear Allowance. Budget 2013 had a very significant and negative impact on low income families. As a result of reductions in income supports, the weekly shortfalls experienced by these households has increased and households with an adolescent now have a shortfall in excess of €120 per week or €6,000 per annum. Furthermore, while the rates for primary social welfare payments e.g. Jobseekers Benefit, did not decrease between 2012 and 2013, they did they keep pace with inflation, and as a result the real value of the payments were reduced. Consequently, any further reductions in Budget 2014 to child income support payments and in the income support payments received by parents will undoubtedly have very serious ramifications for children and households as a whole.

Examining the income and expenditure for households with children in more detail enables an analysis of the adequacy of child income support payments and the contribution they make to the cost of a child. The analysis shows that supports for children in welfare dependent households are insufficient and as a result children are vulnerable to poverty and social exclusion.

In 2012 the VPSJ published a study entitled 'The Cost of a Child' which built on previous research, including 'A Minimum Income Standard for Ireland', which was a joint publication between the VPSJ and the Policy Institute, Trinity College Dublin. The report provided much needed information on the cost of raising a child at four distinct phases of childhood:

- Infancy; Pre-school; Primary School and Second Level

Since the report was first published, the data has been updated to March 2013 using the Consumer Price Index and also to take account of changes in social welfare rates. Table 2 outlines the cost of a child in urban and rural areas (excluding entitlement to secondary benefits) at these four distinct child ages and the contribution that Child Benefit makes to the cost of raising children. Table 3 then compares the income received from Child Benefit (CB), the

<sup>1</sup> Expenditure for households with children and dependent on social welfare presented in this submission includes the weekly cost of local authority rent, based on renting from Dublin City Council. The rent is the following: For two parents and 1 child €40; Two parents and two children €45; Two parents and three children €50; Two parents and four children €50; One parent and 1 child €25; One parent and two children €30; One parent and three children €35.

Qualified Child Increase (QCI) & the Back to School Clothing and Footwear Allowance (BSCFA)<sup>2</sup> to the cost of a child, who it is assumed is living in a household reliant on social welfare and is entitled to a full medical card<sup>3</sup>.

Table 2 below demonstrates that the contribution that Child Benefit makes to the cost of a child varies depending on the age of the child. The direct cost of a child fluctuates over the course of childhood; costs tend to be high in infancy, before falling at pre-school age and then gradually rising as children grow older. Child Benefit on the other hand, remains at a fixed rate and does not capture the reality that child costs vary over childhood and therefore the contribution it makes varies between 22% and 56%.

**Table 2 The Contribution of Child Benefit to the Cost of Raising a Child (excluding childcare & entitlement to secondary benefits)**

	Infant	Pre-School	Primary School	Secondary School
<b>URBAN</b>				
Cost of a Child P/W	90.89	54.84	88.19	137.66
Child Benefit (CB)*	€30.00	€30.00	€30.00	€30.00
Contribution of CB %	33%	55%	34%	22%
<b>RURAL</b>				
Cost of a Child P/W	90.58	53.11	89.35	134.07
Child Benefit (CB)	€30.00	€30.00	€30.00	€30.00
Contribution of CB %	33%	56%	34%	22%

\* Child Benefit is paid at the rate of €130 per month.  $€130 \times 12/52 = €30.00$  per week

The data in Table 3 demonstrates that the child income support payments relied on by households in receipt of social welfare do not meet the direct costs of a child in 3 of the 4 age groups examined. The figures given in Table 3 take into account the likelihood of children living in such households being entitled to a medical card and also in the case of children attending primary and secondary school also being entitled to the Back to School Clothing and Footwear Allowance, and yet the households by and large are still left with notable weekly shortfalls. For children at second level, the shortfall in excess of €60 per week is of particular concern. As the research demonstrates the cost of raising a child (excluding childcare) increases as children grow older but social welfare payments remain fixed (with the exception of the BSCFA) and so the gap between income and expenditure widens, particularly when children enter adolescence.

<sup>2</sup> The Back to school Clothing and Footwear Allowance is paid once a year at the rate of €100 for children age 4-11 and €200 for children age 12-17, and therefore is only applicable to primary and secondary school going children

<sup>3</sup> If a household is entitled to a medical card the cost of primary care and private health insurance is removed from the expenditure baskets.

Table 3 Comparison between the cost of a child (excluding childcare but including entitlement to a medical card) and the combined value of Child Benefit, the Qualified Child Increase & the Back to School Clothing and Footwear Allowance.

Urban	Infancy	Pre-school	Primary School	Second Level
Weekly Cost of a child	81.94	45.83	79.18	128.08
Combined weekly value of CB, QCI & BSCFA <sup>4</sup>	€59.80	€59.80	€61.72	€63.65
Shortfall or adequacy	-€22.14	+€13.97	-€17.46	-€64.43
Rural	Infancy	Pre-school	Primary School	Second Level
Weekly Cost of a child	81.87	44.56	80.80	125.44
Combined weekly value of CB, QCI & BSCFA	€59.80	€59.80	€61.72	€63.65
Shortfall or adequacy	-€22.07	+€15.24	-€19.08	-€61.79

The continuing reductions in Child Benefit have impacted most negatively on low income families who rely on this payment for everyday essentials such as food and fuel. Furthermore, while Child Benefit was reduced by €10.00 for the first and second child and by €18.00 and €20.00 for the third child and fourth child respectively in last year's budget, the cost of living has increased for a number of categories of expenditure, including food, which increased by 1.6% between March 2012 and March 2013, and also electricity which rose by 8.7% in the same period. Further analysis of the consumer price index shows that while overall inflation was 0.5%, the cost of the minimum essential standard of living basket, excluding housing, for a two parent and two child household (primary & secondary) was 2.3% in the same period. Therefore, it is very difficult for families, in particular low income families, to afford a standard of living that meets their physical, psychological and social needs when the gap between income and expenditure continues to widen.

The results from the 2013 update very clearly indicate that at present rates, child income support payments are by and large not adequate for social welfare dependent households, in particular for households with an adolescent. The VPSJ therefore recommends that the Qualified Child payment be initially increased for households with an adolescent. This payment has remained static for the last number of years, and as a result has not even kept pace with inflation. By initially targeting an increase for households with an adolescent, the Government can concentrate its limited resources on the children who are most susceptible to poverty and social exclusion. The VPSJ also recommends that increases for younger children should follow in the coming years.

<sup>4</sup> The weekly value of Child Benefit is €30.00; the weekly value of the Qualified Child Increase is €29.80 and the weekly value of the Back to School Clothing and Footwear Allowance is €1.92 for children age 4-11 and €3.85 for children age 12-17.

Children in low income households have borne the brunt of this recession and payments that are essential to their well being have been substantially reduced in the last number of budgets. The decision is last year's budget to once again reduce the Back to School Clothing and Footwear Allowance (BSCFA) by €50.00 placed further pressure on low income families struggling to make ends meet, particularly for families who have children attending second level. Table 4 illustrates the cost of education for a child living in an urban area at second level (3rd year) and a child at primary school (4th class) and the rate at which the BSCFA is currently paid. It is abundantly clear that this payment falls substantially short of the actual cost of education. Moreover, an analysis of the cost of education as established in the research, shows that the cost of education did not decrease between 2012 and 2013 and therefore last's year's reduction was unjust and unwarranted. While the VPSJ very much welcomes the moves being made by the Department of Education to encourage schools to participate in book rental schemes, there are many other costs associated with education such as uniforms, stationary, school trips, equipment and voluntary contributions. Until such a time as school book rental schemes and low cost uniforms become the norm, reductions in the BSCFA cannot be justified.

**Table 4 Comparison between 2013 Urban Educational Expenditure and BSCFA**

School Level	Urban Educational Expenditure (per annum)	2013 Rate of BSCFA	Shortfall
Primary School	€349.96	€100.00	- €249.96
Secondary School	€795.08	€200.00	- €595.08

### *Households in Employment with Children*

Employment is pivotal to ensuring that households have sufficient income to meet their needs. However, the cost of childcare can in some instances create barriers to employment, particularly for low income earners.

Table 5 demonstrates the expenditure and Minimum Income Standard that is required for two households types in employment. The Minimum Income Standard (MIS) is the gross salary necessary, taking account of the tax liabilities and social welfare entitlements of each household type, to enable the household to afford the expenditure required for a minimum essential standard of living.

**Table 5 Minimum Income Standard for Sample Household Types with Employment<sup>5</sup>**

	Two Parents, baby, 3 & 10	One Parent, baby
Expenditure	€826.63	€567.80
Gross MIS Salary	€822.07	€609.37
Net MIS Salary	€737.66	€537.84
Social Transfers	€90.00	€30.00
Household Income	€827.66	€567.84

<sup>5</sup> Income scenarios are based on full-time work (37.5 hours per week) and part-time work (19 hours per week). The scenarios are structured as follows: Two parents= 1 adult employed full-time and 1 adult employed part-time; One parent = employed full-time.

In order for the two parent household with a baby, 3 year old and 10 year old to be able to afford their weekly expenditure they need a gross MIS of €822.07 per week. In this instance, both persons in employment need an hourly wage of €14.55 per hour (1 working full-time and 1 working part-time), which is almost €6 above the national minimum wage. The cost of childcare for this household is €217.05 per week, or 26 per cent of their overall expenditure.

For the one parent household working full-time and with a baby, the gross MIS required is €609.37, or €16.25 per hour, based on a 37.5 hour week. This means that this household needs to earn €7.60 above the national minimum wage to be able to afford a minimum essential standard of living. Expenditure on childcare for this household is €208.69 per week or almost 37 per cent of their overall expenditure.

Both household types spend considerably more on childcare than they do on any other category of expenditure. Furthermore, as demonstrated by the MIS, these households need to be in employment that pays significantly above the national minimum wage if they to meet their minimum expenditure costs. An analysis of the income of both household types shows that in work income supports (Family Income Supplement & the One Parent Family Payment) taper off before the households achieve an adequate income. This therefore means that households must earn more to be able to afford their expenditure. The combined impact of increasing taxation and the rapid tapering of income supports, as gross salary increases, creates a situation where households can lose targeted income supports prior to attaining the Minimum Income Standard which meets their expenditure needs. Therefore further consideration needs to be given to the relationship between the social welfare and tax systems.

It is evident that an accessible, affordable childcare service in Ireland would greatly reduce expenditure for households who require childcare. Furthermore, by providing such a service one of the barriers that preclude parents from entering employment would be removed.

The Early Childhood Care and Education Scheme (ECCE) introduced by the Government in 2010 has been successful and is a step in the right direction. The VPSJ is also aware that a number of other childcare options are currently being considered and welcomes the piloting of an after school childcare service. The VPSJ urges the Government to continue its efforts to make childcare more accessible and affordable in Ireland. By doing so, it will enable more people, in particular women, to enter the labour market. In addition, further examination of the tax and social welfare system is required to ensure that the burden of taxation does negate the value of in work benefits for low income families.

## Single Adults of Working Age

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### Recommendations

- The VPSJ is asking the Government to ensure that all social welfare payments are at the very least increased in line with inflation.
- The VPSJ is asking that the payment given to individuals participating in JobsBridge is also increased in line with inflation.

The research of the VPSJ has repeatedly demonstrated the inability of unemployed single adults of working age and living alone to afford a minimum essential standard of living. While the rate for Jobseekers Benefit did not decrease in Budget 2013 from €188.00 (for those 25 and over), it is worth noting that this rate is nevertheless below the poverty line of €213.67 for a single person. Indeed, any individual with an income below this figure is considered to be at risk of poverty<sup>6</sup>. It is not surprising that an unemployed single adult of working age in receipt of Jobseekers Benefit cannot afford a minimum essential standard of living. Furthermore, as the unemployment crisis continues, with the most recent figures from the CSO (April 2013) showing the standardised unemployment rate remaining at 14%, it is apparent from the MESL research that more needs to be done to ensure that adequate income and sufficient services are in place for those who find themselves out of work.

**Table 6 2013 Expenditure and Income for a Urban Single Adult of Working Age and Reliant on Social Welfare**

Expenditure <sup>7</sup>	€334.54
Income <sup>8</sup>	€267.62
Shortfall	-66.92

Table 6 illustrates that an unemployed single adult living alone in urban private rented accommodation has a shortfall of €67 per week. The cost of a minimum essential standard of living for this household type increased by 3.34% between March 2012 and March 2013, which is considerably above the overall inflation rate of 0.5%. While jobseekers Benefit was not reduced in the last budget, the failure to increase the payment at least in line with inflation is in effect a cut in the real value of the payment.

Further assessment of the rate at which Jobseekers Benefit is paid underscores the mismatch between the rate of payment and the cost of a minimum essential standard of living. For a single adult living alone, the weekly cost of food is €57.92, while household energy costs €27.95 and transport €34.55. These three necessities alone amount to 64% of the Jobseekers payment. When setting a social welfare rate, the VPSJ argues that it is important to ask the question 'what standard of living is possible with this payment?' Failure to take account of the actual cost of living means that many of those in receipt of this payment will have to forgo goods and services that members of the public believe are necessary for a minimum essential standard of living.

It is also worth noting that if this individual was in receipt of the additional €50.00 per week for participating in JobsBridge, the National Internship Scheme, this income would still not meet minimum expenditure needs. While participating in schemes such as JobsBridge can lead to an increase in progression options and the acquisition of skills, such schemes should provide decent pay and conditions to participants and enable people to have a minimum standard of living.

<sup>6</sup> Healy, S. et al 2013. 'What Would Real Recovery Look Like? Securing Economic Development, Social Equity and Sustainability - Socio-Economic Review'. Available on line at <http://socialjustice.ie/sites/default/files/file/SER/2013--04-02%20%20Socio%20Economic%20Review%202013%20-%20FULL%20BOOK%20-%20FINAL.pdf>

<sup>7</sup> Includes private rent of €109.62 per week. This figure is based on the rent supplement ceiling of €475 for a single adult living alone in Dublin. However it must be noted that concern has been expressed by organisations such as Threshold and the Society of St. Vincent de Paul (SVP) about securing appropriate accommodation within this limit. For example see the SVP submission on Supplementary Welfare Allowance - Review of Maximum Rent Supplements: <http://www.svp.ie/CMSPages/GetFile.aspx?guid=a8192d4b-266f-4713-b5b2-508ef8e7c41d>

<sup>8</sup> Includes rent supplement of €79.62 per week

Without sufficient income, individuals are susceptible to poverty, social exclusion and isolation. Inadequate income precludes people from participating in activities that are considered the norm by the rest of society. It creates stress, worry and anxiety. The VPSJ, while being much aware of the economic and fiscal crisis, nevertheless argues that at the very least social welfare payments should be kept in line with inflation. While that in itself will still not necessarily allow for a minimum essential standard of living, it will nevertheless ensure that the gap between expenditure and income does not become even greater.

## Pensioners Living Alone

### Recommendations

- Increase the rate of the State pension in line with inflation
- Substantially increase the rate for the Living Alone Allowance
- Maintain the Free Travel Scheme
- No further reductions in the Household Benefits Package
- No further increase in the Prescription Charge

Since the VPSJ began its work on establishing the cost of a minimum essential standard of living for different household types, pensioners living alone and relying on the state pension have struggled to afford a standard of living that meets their physical, psychological and social needs.

Table 7 Expenditure and Income for Urban Pensioner Living Alone

#### Pensioner Living Alone on a Non Contributory Pension

2012	Expenditure+	247.89
	Income*	236.70
	Shortfall	-11.19
2013	Expenditure+	255.56
	Income*	236.70
	Shortfall	-18.86

+ Including €30.00 for Local Authority Rent

\* Non Contributory Pension, Living Alone Allowance and Fuel Allowance

Table 7 highlights how the situation of pensioner household's living alone has deteriorated since 2012. The figures given in Table 7 are based on the urban household being in receipt of the Non-Contributory pension and making full use of their free travel pass. Therefore no transport costs are included in the expenditure. For households with adequate access to public transport, the Free Travel Scheme is a vital service that not only negates the need for a car in some instances, thereby reducing expenditure, but also facilitates the social inclusion and participation of older people and is essential for their mobility and independence. The VPSJ argues that such services are vital and strongly recommends that they are maintained in the forthcoming budget.

While this household's income did not change between 2012 and 2013, rising costs, some of which were introduced in last year's budget, including the trebling of the prescription charges and changes to the Household Benefits Package, has impacted very negatively on older people in this situation.

Further analysis reveals that pensioners living alone in rural areas are experiencing even greater shortfalls in income. A pensioner living alone in a rural area and reliant on the State Non Contributory pension has a shortfall of €95 per week or almost €5,000 per annum. The need for a private car due to inadequate public transport and the higher costs of household fuel (oil in rural areas as opposed to gas in urban areas) results in increased expenditure for rural dwellers compared to their urban counterparts. The lack of readily available public transport in rural areas highlights the impact that services, or the lack of services, can have on the cost of a minimum essential standard of living.

**Table 8 2013 Expenditure and Income for a Rural Pensioner Living Alone**

Rural Pensioner Living Alone in Receipt of the Non-Contributory Pension	
Expenditure+	€332.27
Income	€236.70
Shortfall	- €95.67

+ Includes €30.00 local authority rent

From our analysis, it is apparent that older people living alone in urban and rural areas and relying on the State pension are struggling to make ends meet. The repeated failure by successive Governments to increase the inadequate rate at which the Living Alone Allowance is paid is unfair and clearly underestimates the additional costs faced by those who live alone.

The VPSJ research has repeatedly demonstrated that those who live alone face many of the same costs that a two person household have. As demonstrated in Table 9 below, a pensioner living alone spends almost the same amount on household goods, household services and household energy as a pensioner couple household. However, the €7.70 Living Alone Allowance rate does little to compensate for the additional costs of those who live alone. The VPSJ is thus calling on the Minister of Social Protection to increase the Living Alone Allowance. This income support payment has not been increased since 1996 and therefore the real value of it continues to decline as it has not even kept pace with inflation.

**Table 9 Comparison of Expenditure between an Urban Pensioner Living Alone Household and a Pensioner Couple Household**

Expenditure (Per Week)	Pensioner Living Alone	Pensioner Couple
Household Goods	€17.67	€19.07
Household Services	€6.43	€6.59
Household Energy	€49.90	€51.73

Pensioners have very little, if any scope, to increase their income in retirement. In other words, retired people living in poverty can do very little to avoid poverty. The VPSJ calls on the Government to increase pension rates in Budget 2014 in line with inflation and substantially increase the Living Alone Allowance. Furthermore, the VPSJ is strongly recommending that the Free Travel Scheme be maintained and that there be no further reductions in the Household

Benefit Package or increases in the Prescription Charge. These services and supports act as a buffer to poverty and social exclusion and are enormously important secondary benefits.

## Conclusion

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The findings presented in this submission clearly demonstrate that many low income households are living on an insufficient income. The last number of austerity budgets introduced reductions and tighter restrictions on social welfare payments and secondary benefits, which have resulted in many households being unable to afford a minimum standard of living. As the crisis continues, the at-risk of poverty rate, the consistent poverty rate and the deprivation rate are all increasing. Data from Survey on Income and Living Conditions (SILC) shows that almost one quarter (24.5%) of the population experienced two or more types of enforced deprivation in 2011 up from 22.6% in 2010<sup>9</sup>.

The VPSJ is acutely aware that social welfare payments provide a crucial support to individuals and families in Ireland and that in 2011, if all social transfers were excluded from income, the at risk of poverty rate would be 50.7%<sup>10</sup>. Nevertheless, the VPSJ argues that social welfare payments, while providing a crucial support, do not in many instances allow for a minimum essential standard of living. As a consequence, many people who unfortunately have no other source of income and have to rely on these payments are faced with significant shortfalls. The findings outlined in this submission highlight the financial hardship being experienced by many low income families and underscores their inability to bear the burden of further cuts to their income. The VPSJ requests that serious consideration be given to the findings of the research in order to prevent further cuts to income supports and reduced services. Furthermore, the VPSJ is asking that all social welfare payments be at the very least increased in line with inflation to ensure that the gap between expenditure and income does not widen further.

The VPSJ is also conscious of the role that services such as transport, social housing and childcare can play in helping people to have a minimum essential standard of living. A combination of adequate income and access to and availability of services can ensure that that individuals and families have a standard of living that meets their physical, psychological and social needs. Budget 2014 presents an opportunity for the Government to begin to move away from the policy of austerity and instead concentrate its efforts and resources on ensuring that those most vulnerable to poverty and social exclusion are not exposed to further reductions in income and services.

<sup>9</sup> CSO, 2013. Survey on Income and Living Conditions (SILC) 2011 and 2010 Revised Results. Available at: [http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2011/silc\\_2011.pdf](http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2011/silc_2011.pdf)

<sup>10</sup> CSO, 2013. Survey on Income and Living Conditions (SILC) 2011 and 2010 Revised Results. Available at: [http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2011/silc\\_2011.pdf](http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2011/silc_2011.pdf)