

# The Time Has Come!



Youth Work Ireland

*2013 Budget Submission*

## **Introduction**

The time has come for a decisive commitment to the ultimate resource needed to ensure the recovery of our country – Young People. Following the Children’s Referendum the public now want to see a real commitment to services for children and young people. The question is beginning to arise in relation to austerity and the general approach to the economy “to what end?” To what end are we trying to balance our public finances? To what end are we creating some of the highest level of debts for future generations? To what end is the medicine potentially killing the patient.

If there is any strategy or logic to our current approach it is surely to bring about a better future for the country and today’s young people. However if the measures taken actually deplete the population of young people in our country and significantly impinge on the prospects of those who remain then it is surely reasonable to ask if the time has come to question such an approach.

## **Helping Us Really Turn the Corner**

Unfortunately all too often we have heard the mantra that the country has turned the corner, time and again people have been disappointed with this rhetoric. Only a change of direction can lead to a turning of a corner. The macroeconomic situation in the country is still extremely poor but numerous studies have shown that the burden of our readjustment is falling on those who can least afford it. Some macro-economic policy changes can assist this and create a better future for our young people.

The balance between taxation and expenditure cuts needs to change. There are a number of tax reliefs still present in the system which has been costed at over €10bn by some economists. Changes to even a selection of some of these could raise considerable income to abate some of the worst effects of the adjustment on the most disadvantaged.

Ireland is forecasted to have minimal economic growth in 2013 and the CSO has reported a decline in both average incomes and an increase in poverty. Long term unemployment is also on the increase and these factors could all help keep Ireland in recession for longer. Budget 2013 takes place then in a stagnating economy where the recession is developing into a long lasting depression in terms of people’s everyday lives.

Most people are familiar with the numerous body blows the Irish economy has and continues to absorb such as;

- A collapse in taxation income
- Significant reduction in Government Spending
- A reduction in domestic demand
- A rapid increase in our national debt
- An increase in personal taxation
- An increase in various levies and charges most notably the introduction of property and water charges
- Spiralling unemployment
- Massive increases in emigration

While it has become accepted wisdom that Ireland has lost its economic sovereignty it is also important to point out that the Memorandum of Understanding with the Troika is a broad framework document and sets out general targets but there is room for manoeuvre within this. The Troika have made clear for example that the precise balance between taxation and expenditure adjustments is a matter of national policy.

The Department of Finance's own figures show a net benefit of €220m in carryover measures from 2012 and this amount should reduce the required expenditure cuts. Debt and interest repayments now make up a huge proportion of our national income with interest payments alone being over €9bn or 15.6% of total government revenue. This is not projected to improve in the near future. The need for relief on debt and interest is thus plain to see. In the longer term some form of write down appears to be absolutely necessary.

Budget 2013 will mark the eighth successive downward adjustment in the Irish budgetary situation with a total of €33bn been taken out of the economy in extra tax or spending reductions since 2008. While there has been one limited stimulus package this year the reduction in domestic demand is still startling and has a real effect on everyday life. The continual downgrading of growth forecasts from those agreed with the Troika illustrates this point well. Taking large amounts of money out of the economy stunts growth and deadens consumer confidence and items such as retail sales. Indeed the IMF itself has recently admitted the impact of austerity on growth in programmes it has been involved with is greater than was originally thought.

Despite increases and new taxes such as the USC, income from taxes has reduced over the course of the recession due to reduced economic activity and the role of property and other transaction taxes during the boom. However it is critical to realise that despite the recent increases Ireland has a lower than EU average tax take (31.4% against 34.9% of GDP). However structural flaws in the tax system lead many to believe we have a high tax system.

Similarly the Commission on Taxation has identified 131 tax breaks that need attention and could save the exchequer considerable funding. Profitable companies have not been required to pay in any way towards the costs of recovery even though many benefit from very low taxation agreements indeed. In fact it has been estimated that a large number of multinational companies pay significantly less than the headline 12.5% corporation tax rate. A corporate levy on profitable companies would balance this situation.

Tax relief on private pensions costs the Exchequer nearly 3bn annually. While it is important to incentivise such savings this cost can no longer be ignored particularly as much of the benefit goes to those on the top tax rate. Proposals from the pensions industry to cap such relief to a pension income of €60,000 are worth examining and indeed the Government could go further with such a cap. The estimates for savings for the €60,000 cap are €400m. We feel such a cap would save the exchequer while still exempting contributions giving rise to pension incomes well over the average industrial wage.

It should also be noted that even if Ireland successfully exits the bailout on schedule by the end of 2013 there will still be a need for tight budgetary control. There is a compelling argument in the context of efforts to reschedule instruments such as the promissory notes and examining bank

recapitalisation to extend the time to meet the Troika targets by one year. Combined with other measures outlined here this could bring an end to all cuts to services to the most disadvantaged.

Considering the results of the Children's Referendum and the need to prioritise services to children and young people we believe budget 2013 should exempt children and young people from spending cuts. The figures to do this are set out at the end of this submission.

Bearing the above in mind we can focus specifically on the Department of Children and Youth Affairs. The Departments Comprehensive Review of Expenditure illustrates the need for a saving of €16.175m in 2013 and just over €9m in 2014. These are relatively modest amounts and we believe the broader figures in our conclusions and the climate after the Children's Rights Referendum should mean no cut in the Departments budget for 2013.

### **Youth Services**

All public services have been subjected to across the board cuts since 2008. The Government has never really explained why the limited resources which support youth work programmes have been subjected to a greater cut than the average particularly when the national lottery part funds these budget sub heads.

The continuing cuts exceeding general reductions in spending are making many local services for young people untenable. Already projects have closed and it is becoming increasingly difficult to meet basic standards of operation. Ironically this is all at a time when the Government is imposing greater requirements and duties on NGOs in the field of Child protection and other areas. This appears to be a classic mismatch between the left and the right hand. The Governments commitments to essentially remove large swathes of public spending from possible cuts means other areas much take a much greater hit, this is fundamentally unfair.

However we also see the tremendous benefit and impact of local youth services for our communities. Even using a basic calculation of the impact of voluntary work and the savings to the state we estimate the value of youth work to be in the region of €1.5bn and a recent report by Indecon Economic Consultants for the National Youth Council has found a significant economic impact from youth work in Ireland.

Youth Services in Ireland are co-financed by the National Lottery, the contract between lottery players and good causes must remain. If the exchequer is cutting matching funds by greater amounts then such a contract is threatened.

<b>Year</b>	<b>2008</b>	<b>2011</b>	<b>%</b>
<i>Youth Affairs Funding (excl YPFSF)</i>	43.7	35.8	-18%
<i>National Lottery Income</i>	267.8	231.9	-13%

Revised Estimates of Public Services & National Lottery

There has been an amalgamation of subheads recently which unfortunately makes further year on year comparisons impossible. However the figures from the relevant books of estimates still suggest that the exchequer component of national lottery co-financed expenditure is being cut to a greater degree than the decline in national lottery income.

Year	2009	2010	2011	2012 (est)	Cumulative %
Total	435.387	410.685	365.58	339	22%
Lottery	275	250	230	220	20%
Exchequer	160.387	160.685	135.58	119	26%

Revised Estimates of Public Services – The estimates appear to remain very much in estimate form in this area as opposed to the figures reported by the lottery

Overall we can see that the Government has cut the exchequer contribution to lottery supported programmes by more than the decline in the lottery income.

The Government has announced its intention to sell the licence for the National Lottery for the next 20 years. There has been no discussion or consultation with beneficiaries about this decision. It has further been announced that much of the proceeds of the sale will be used for the new National Children’s Hospital even though the original National Lottery legislation sets out entirely different priorities for any funds raised. The Government has also stated that it will ring fence the amount made available for good causes for the term of the licence at 30.5% based on 2011 figures, this idea again has not been discussed or shared with lottery beneficiaries.

We believe that the amount for good causes should be set at a higher amount and this should be a key deliverable for any franchisee. Also 20% of any windfall arising from the sale of the lottery licence should be ring fenced for the good causes the lottery supports. This should be in a dedicated fund which will help these key areas salvage their services from the higher than average cuts they have been subjected to in recent years.

Similarly as we shall see later on there are a number of profitable industries that benefit from marketing and selling unhealthy products to young people and given the extreme economic situation the Government needs to look at these for much needed revenue and ring fence any resultant income for voluntary youth services.

The DCYA Estimates for 2012 also contained a once off provision of €3m for the holding of a referendum. This is thus an automatic saving to the Department.

### **Youth Unemployment and Emigration**

Youth Unemployment and the absence of opportunity continue to dominate young people’s lives and their future prospects. While recent live register returns have shown some decline the annual population and migration estimates from the CSO make for alarming reading. The demographic position of the country is approaching crisis level in light of those emigration figures showing nearly 36,000 18-25 year olds left the country in the last year and nearly 150,000 have gone since 2008.

These numbers have huge economic consequences and provide as great an economic barrier to our recovery as bank debt and our overall macro-economic situation. Only economies with strong demographics can harness enough growth to ensure recovery. Continued decline in our youth population exerts a major drag on growth and hence the prospects of recovery. The cost of

educating the huge numbers of young people leaving the country is also a significant one for an economy with limited resources. However we have seen limited responses to this grave issue over the last number of years. The huge extra demand for education and training places should have been totally predictable in terms of Government and budgetary planning.

Youth unemployment possess particular problems for our economy and society as having unemployment as your first labour market experience is a hugely negative factor in young people's development and future prospects. As many young people may not have developed strong roots in their communities through family or housing they are more likely to emigrate thus providing free educated workers to other competitor countries.

Nobody suggests that jobs can be created out of thin air however the very least the hard-pressed public might expect would be some form of coherent strategy with a dedicated focus on jobs beyond the simple macroeconomic route of spending cuts and bank bail outs. It is also important to recognise that while there is a need for job creation for young people any coherent strategy will be as much about training and education as job creation to ensure young people can stay in Ireland and avail of any economic recovery when it comes.

Most of all what is needed is something productive for young people to do to ensure they do not lose touch with the labour market and they can maintain their skills and experience with appropriate programmes. We fully support the emerging calls particularly from Europe for a Youth Guarantee and believe this would be a major platform of the Irish presidency of the EU in 2013.

### **A Youth Guarantee**

A Youth Guarantee is a guarantee that ensures that every young person in Europe is offered a job, further education or work-focused training at the latest four months after leaving education or after becoming unemployed.

A youth guarantee is a real and tangible symbol that a Government is truly prioritising young people in this crisis, it illustrates that politicians are willing to go the extra mile to ensure a critical group in our society are not cast adrift for a decade or more. Ireland badly needs such an approach to youth unemployment and should be taking the lead, now that such a proposal is on the table Ireland should support it and engage positively.

However it should be noted that such a guarantee could pose major issues for Ireland and substantial progress in re-orientating resources such as the European Social Fund towards countries with the highest rates of youth unemployment. We know at the moment many school leavers are no longer able to access PLC courses and that there is a fear about the future of basic courses (eg CTC FETAC provision) for early school leavers. A very rough estimate of the supply and demand is included below;

<b>Young Peoples Education and Training 18-25</b>	
<i>Demmand</i>	
Leaving Cert	57,837
Early School Leavers	7,500
Live Register	70,000
<b>Total</b>	<b>135,337</b>
<i>Options for Young People</i>	
FAS	22,000
FETAC	20,000
IT	18,719
University	22,030
Other	10,000
Less mature and international	-10,000
<b>Total</b>	<b>82,749</b>
<b>Youth Guaruntee</b>	<b>52,588</b>

Source: Fas, Department of Education, CSO

## **Alcohol**

We often hear there is an underage drinking crisis in Ireland. However what is really the case is we have a societal drinking problem which manifests itself in the underage drinking of young people. Recent research (Hope 2011) has shown that all age groups indulge in harmful drinking thus illustrating the need for a society wide approach to alcohol harm and public health if we are to have an impact on this critical problem.

Successive reports by the WHO all indicate what works in terms of evidence relating to alcohol consumption and harm. These measures broadly fall in to three areas, price, availability and promotion. Indeed the former Minister of State for Health Promotion put it well recently;

“The public also has a strong view that we can no longer tolerate the damage being done by alcohol to society. It exacts at huge cost in economic terms, estimated to be approximately €3.7 billion through the health burden, the cost of alcohol-related crime, the cost of absenteeism from work and the loss of productivity. The human cost is even greater in terms of family breakdown. Alcohol is implicated in many social ills such as domestic abuse, rape and child abuse. Alcohol is a factor with regard to the behaviour of the parents of a

significant number of children who are taken into care. Alcohol is also a significant factor in mental health issues and figures indicate it is implicated in approximately 50% of suicides and self-harm.

The evidence is very clear and we can no longer ignore it. There is no room for equivocation on this.”

(Oireachtas Committee on health and Children 15 March 2012)

Ireland continues to have a major alcohol problem which impacts on our level of underage drinking and associated risky behaviour. There have been numerous reports with countless recommendations in this area. Of particular interest is the proven link between price and the consumption of alcohol. In times of previous economic crisis excise duties became known as the “old reliables”. However excise duty has hardly been raised at all in the last 10 years and in fact was cut in the last budget 2010. Given the increase in UK V.A.T. rates there are less competitive issues in such a move

There are a number of factors leading to cross border trade and to focus in on alcohol represents incredible short-termism. There are plenty of north south bodies and ministerial meetings on north south issues. The Government should be using these structures to have an all-Ireland approach to public health and things like excise duty. This would represent real progress for our young people on the island and a tangible peace dividend.

### **Curriculum Change**

The commitment of the Government to the reform of the junior and eventually the senior cycle in our schools is welcome. We have long believed that the overly academic nature of the exam was in need of urgent attention and could serve as a model for educational reform particularly for the senior cycle. We particularly welcome the attention given to areas previously seen as extracurricular which can develop the crucial soft skills needed for work and living today and in the future. It has however drawn attention to the fact that the NCCA believes extra resources are needed for these plans.

These reforms have been a long time coming and must serve as a motivation to examine the senior cycle which plays such a dominant role in young people’s lives. The National Council for Curriculum and Assessment has done good work in this area and it is very important for how young people experience education and how the system responds to changes in society and the economy. It is now crucial to move in to a period of implementation as everybody knows exactly what needs to be done and the appropriate resources will have to be found to ensure this is not a false dawn

The NCCA have rightly identified the inflexible approach of exams and the over emphasis on the terminal exam as opposed to more flexible methods of assessment and measurement of outcomes. Newer and more flexible methods are commonplace now in industry and new forms of team working are the hallmark of the much vaunted “smart economy” our education system has to reflect these changes. Once again young people themselves have had limited input into these decisions and

that should also change. Such a radical overhaul of the education system is long overdue and needs the proper support and resources if it is to succeed

## Mental Health

Ireland's National Children's Strategy commits the state to support children's mental health and emotional well-being. Under the "Vision for Change" mental health strategy a key cornerstone of this is the development of Community Mental Health Teams. Although some additional support has been forthcoming for this work it is falling behind target with long waiting lists and waiting times. Clearly with an epidemic of youth suicide in Ireland a proper mental health infrastructure for young people is a must. The admission of children and young people to adult psychiatric facilities is also a blot on our mental health system for young people.

Year in year out we hear terrible news concerning road deaths of young people. While this is a complex problem there is a definite need for much greater work on safety for young drivers. Many youth services and schools already provide these in a non-formal way. There would be a dividend in mainstreaming these efforts.

## Conclusion – No Cuts to Children's and Youth Services Needed, Ring Fenced Funds can Stop the Rot

The following adjustments could achieve the savings the Government has committed to in 2013 (€3.5bn) and draw on a variety of sources and include some which are actually planned, announced or rumoured;

Item	€m
Pension Relief (restrict relief to pension of 60k)	400
Other Tax Breaks	100
2012 Carry Over	220
Site Valuation Tax	340
Capital Budget	550
Excise Duty	75*
Health and Gambling Taxes	30*
Croke Park and Sick Leave Savings	500
USC on high earners	50
Corporate Levy	750
Public Procurement	174
Previously announced health savings	200
Carbon Tax Increase	50
Selected Savings from the CRE 2012-14	100
Lottery Windfall Rebate for Good Causes (Once Off) **	100
<b>Total</b>	<b>3,534</b>

\*Elements of these should be ring-fenced for relevant children's and youth services

\*\* Ring-fenced for current lottery good causes in sport, arts, heritage and youth

These figures provide for a fund of €105m for children's and youth serviced as well as a once off windfall of 100m. These should enable a return to proper support to these services.

