Pre-Budget Submission 2018

Department of Employment and Social Protection

'I could not survive without the support of family. My daughter buys me oil every Christmas. My son takes me on holiday in Ireland'.

"I worry about cold winters and the cost of my funeral".

The work of the Age Action policy team is supported by the Scheme to Support National Organisations, funded via the Department of Housing, Planning, Community and Local Government, and administered by Pobal.

List of Recommendations

1. Increase the weekly **State Pension** by €5 per week to build towards achieving the Government's objective of a State Pension set at 35 per cent of average weekly earnings [**Cost**: €148 million][1].
2. Ensure the final 15 per cent of the **Christmas Bonus** is restored as a double-week payment for Christmas 2018 for all social welfare recipients [**Cost**: Approximately €46 million][2].
3. Increase the **Living Alone Allowance** by €3 per week [**Cost**: €31.25 million][3].
4. Reverse the changes introduced in 2012 to the State Pension system reducing the number of bands from six to four. [**Cost**: €60 million].
5. Restore the **Bereavement Grant** [**Cost**: €24.5 million[4]].
6. Begin to reverse the six weeks cut from the **Fuel Allowance** by extending the scheme by four weeks in Budget 2018 [**Cost**: €35.2 million][5].
7. Allow those in receipt of the **Fuel Allowance** to receive it in the form of two lump sum payments if they are using home heating oil [Administrative cost in 2018 only].
8. Increase the funding for the **Free Travel Scheme** by €3 million to make it more attractive for operators to join and to ensure that it continues to address passenger needs [**Cost**: €3 million].

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1 https://www.kildarestreet.com/wrans/?id=2017-03-01a.508&s=%22state+pension%22+section%3Awrans#g511.q

2 In 2016 the cost of paying 85 per cent of the Christmas Bonus was €221 million. To pay 100 per cent of the bonus in 2017 is estimated to be €267 million. However, this cost is an estimate and dependent on the number of actual versus estimate recipients of Social Welfare in December 2017. The additional cost of the remaining 15 per cent of the bonus is approximately €46 million https://www.kildarestreet.com/wrans/?id=2017-06-20a.5351&s=%22Christmas+Bonus%22+section%3Awrans#g5353.q

3 The cost of increasing the Living Alone Allowance by €6 is in 2018 is €62.5 million. See https://www.kildarestreet.com/wrans/?id=2017-05-30a.712&s=%22Fuel+Allowance%22+section%3Awrans#g714.q

4 https://www.kildarestreet.com/wrans/?id=2017-05-30a.709&s=bereavement+grant

5 https://www.kildarestreet.com/wrans/?id=2017-05-30a.712&s=%22Fuel+Allowance%22+section%3Awrans#g714.q

1. Introduction

Age Action is the leading advocacy organisation on ageing and older people in Ireland. Our mission is to achieve fundamental change in the lives of all older people by eliminating age discrimination, promoting positive ageing and securing their right to comprehensive and high quality services.

We want to make Ireland the best country in the world in which to grow old and we work with older people to build a society free of ageism where their rights are secured.

This submission outlines our recommendations to the Department of Employment and Social Protection with regard to the budget allocation for 2018.

Separate to this we will make individual submissions to the following Government departments:

- Department of Health;
- Department of Housing, Planning, and Local Government;
- Department of Communications, Climate Action and Environment;
- Department of Foreign Affairs and Trade (Irish Aid);
- Department of Education and Skills.

2. Lived Experience of Growing Older in Ireland

Each year, in preparing our pre-budget submission, Age Action conducts a national consultation with our members. This involved distributing a survey to our members through our magazine *Ageing Matters*. We also held two budget hustings events in Galway and Cork with our members and local public representatives, as well as a consultation meeting with Dublin members.

Survey of Age Action members

We received almost four hundred responses to our survey. Of those replying 52 per cent were female. Over half of respondents, 51 per cent, were over the age of 75 years, with a further

43 per cent between 65 and 74 years. The remaining 6 per cent were under 64 years. The vast majority of respondents lived in an urban area (78 per cent).

We asked respondents about their most important income support. An examination of these responses shows that almost half (49 per cent) stated that the State Pension was the most important, followed by the Household Benefits Package (26 per cent) and then the Fuel Allowance (15 per cent).

Table 1 Importance of Income Supports

Income Support	%
State Pension	49%
Household Benefits Package	26%
Fuel Allowance	15%

We asked respondents to share the personal impact of government policies on their lives and we have provided some of the quotes from respondents throughout this document.

Consultations

Each year we meet with our members in Cork, Dublin and Galway to identify the issues of most importance to them. This year, as May marked the first anniversary since the formation of the government, we decided to hold two budget hustings events in Cork and Galway. The purpose of this was to enable older people to raise their issues with local representatives and for those elected to hear about the lived reality of growing older in Ireland.

While the discussions often focused on local issues, those in attendance were concerned about the proper resourcing of home care services and accessing an adequate standard of living. Policies related to waste collection charges; property tax and general ageist attitudes were also raised.

The cumulative impact of cuts to income sources from the Department of Social Protection during the recession was highlighted. Despite it being some years since the Telephone Allowance was abolished, members continued to emphasise the importance of this support for enabling older people to remain connected to family and friends. They also highlighted the importance of reintroducing the Bereavement Grant.

The financial burden of the property tax was discussed at the meeting of our Dublin members. With the recent rise in property prices and the valuation to be revised in 2019, our members were deeply concerned about how this may affect their future income. Some of our members felt that the calculation of the tax should be based on income rather than the value of the property as older people are unlikely to sell their home. The impact of costs which may seem minimal, such as the PSO on energy bills, was also raised.

The importance of the State Pension as a primary income source for older people was stressed by our members. While participants welcomed recent increases in the State Pension, they emphasised two issues in relation to this. Firstly, they noted that any increase should be introduced in January as opposed to part of the way through the year. Secondly, participants were conscious that not everyone will receive a €5 increase as those on lower or partial payments will only receive a proportion of this. The costs of living alone and the inadequacy of the Living Alone Allowance in meeting these was also raised.

3. Context

"I live in a rural area and my car is vital. Maintenance costs are horrendous and annual road tax is crippling. It is especially galling that because I am unable to pay the full road tax premium in a lump some I am penalised to the tune of €70 because I am poor".

Despite media and political commentary that our economy has returned to prosperity, older people that we speak with are still feeling the effects of cuts introduced during the recession. This includes the abolition of the Telephone Allowance as part of the Household Benefit Package, the introduction of new taxes and charges and an increase in the cost of essential items such as insurance, medicine and fuel.

The last two budgets saw the partial restoration of older people's incomes.

- There has been a €3 and €5 weekly increase in the State Pension in Budgets 2016 and 2017 respectively. The latter increase was introduced 10 weeks into the year.
- The Christmas bonus has also been partially restored with all social welfare recipients receiving an additional payment of 85 per cent of their weekly rate last December.

- An increase in the Fuel Allowance is also welcome with a rise from €20 to €22.50.

Table 2 below provides a comparison between the cuts introduced during the recession and the restoration of the income of older people. As can be seen 91 per cent of the cuts having been restored.

But the table also shows the reality – pensioners today are still struggling to get by on smaller incomes than they would have been getting in 2009.

Table 2 Income Supports Comparison 2009 versus 2015, 2016 and 2017

Income	**Jan 2009**	**Jan 2015**	**Jan 2016**	**May 2017**
State Pension (Contributory)	€230.30	€230.30	€233.30	€238.30
Christmas Bonus (weekly equivalent)	€4.42	€1.11	€3.36[1]	€3.89[2]
Total A	**€234.72**	**€231.41**	**€236.66**	**€242.19**
Secondary Income Supports				
Telephone Allowance	€6.00	€0.00	€0.00	€0.00
TV Licence	€3.08	€3.08	€3.08	€3.08
Electricity	€9.63	€8.07	€8.07	€8.07
Fuel Allowance	€12.31	€10.00	€11.25	€11.25
Total B	**€31.02**	**€21.15**	**€22.40**	**€22.40**
Total A+B	**€265.74**	**€252.56**	**€259.06**	**€264.59**
Difference from Jan 2009		*(€13.18)*	*(€6.68)*	*(€1.15)*

[1] Budget 2015 announced 25 per cent of the Christmas Bonus would be paid in December 2014. In January 2015 it is assumed that this amount will be paid in December 2015.
[2] Budget 2016 awarded 75 per cent of the Christmas Bonus would be paid in December 2014. In January 2016 it is assumed that this amount will be paid in December 2016.
[3] Budget 2017 announced 85 per cent of the Christmas Bonus would be paid in December 2016. In May 2017 it is assumed that this amount will be paid in December 2017.

Introduction of new taxes

Census data shows older people are more likely to be living in owner-occupied housing than other tenures. The statistics indicate that 86 per cent of those aged between 65 and 74 years and 89 per cent of those aged over 75 years own their own homes.

As property prices continue to rise, particularly in Dublin and other urban centres, increases in the property tax are inevitable and we believe this poses a risk of serious hardship to older people who may own property but be reliant entirely, or mostly, on the State Pension.

The introduction of a pay-by-weight waste management collection service could mean yet another bill increase for some older people. The uncertainty around this new system is causing a great deal of anxiety among older people, particularly those on low incomes.

Increase in Insurance

The increase in the price of insurance (such as health, car and home insurance) has been masked by a comparatively minor rise in overall inflation. The overall change in the Consumer Price Index for the past 12 months (May 2016 to May 2017) has been 0.2 per cent[6].

However, during this time, house insurance rose by 7.6 per cent while health insurance, increased by 9.3 per cent[7]. Older people see health insurance as a necessary outlay because they are more likely to need timely access to health and social care services. House insurance is also a necessary purchase as older people are more likely to be residing in owner-occupied accommodation (see above).

The reality is that the CPI is not an effective guide to the purchasing habits of older people. Research undertaken by the Vincentian Partnership for Social Justice (VPSJ) in 2013[8] noted that while overall CPI fell by 0.15 per cent in the period 2008 to 2013, the cost of a Minimum Essential Standard of Living for a lone pensioner and a pensioner couple rose by 5.03 per cent and 7.34 per cent respectively.

[6] CSO (2016) *Consumer Price May 2017* – available at http://pdf.cso.ie/www/pdf/20170622041400_Consumer_Price_Index_May_2017_full.pdf
[7] Calculated using data from www.cso.ie under Consumer Price Index by Detailed Sub Indices, Month and Statistic.
[8] VPSJ (2013) *Changes in the cost of a MESL in Comparison to CPI Inflation* – available at http://budgeting.ie

The rising cost of car insurance is an issue that has been raised with Age Action's information service by many older people. In September 2016 we made a presentation to the Joint Oireachtas Committee on Finance, Public Expenditure and Reform on this issue.

Data from the CSO indicates that 72 per cent of people over the age of 65 are car owners[9]. Being able to drive is synonymous with independence. But it is more than simply a lifestyle choice, for many older drivers it is an absolute necessity and may mean the difference between living in the community or being forced into residential care.

In large parts of Ireland, particularly outside the main urban centres, public transport is poor. Older people who are unable to drive face increased social isolation and must rely on friends or family for transport.

However, the costs of insurance are making it prohibitive for many older people to continue driving despite the evidence showing that older drivers are generally safer drivers.

Data from the VPSJ budget standards research indicates that the costs of running a car are pushing some pensioner households into income inadequacy particularly pensioners living alone in rural areas.

Frank's Story

Frank is a 70-year-old man from Dundalk. He has never had an accident and has never made a claim. He has a full no-claims bonus. He drives less than 5,000 miles a year. Last year, at the age of 69, his insurance was €293.

This year, his insurer has quoted him a price of €493, an increase of more than 68 per cent. Frank relies on the State Pension and his car insurance for this year is more than two weeks income.

Teresa's Story

In April of last year we were contacted by Teresa, who is over 70 years of age. Her car insurance went up from €470 to €700. After haggling with the provider she was able to get a reduction of €50 but it still represented an increase of more than 38 per cent.

[9] CSO (2011) *Census 2011 – Profile 4: The Roof Over our Heads – Housing in Ireland – available at* www.cso.ie

During her conversation with the customer service representative she was told that older people are more of a liability. As Teresa pointed out, older drivers are safer drivers because they have years of experience.

Poverty Rates

The latest official poverty statistics from the CSO indicate that 10.7 per cent of people aged 65 years and over were 'at risk' of poverty in 2015[10]. This means that one in ten older people were living on less than 60% of the median income (€11,863[11]). However, many older people survive on incomes only just above the poverty line as the non-contributory State Pension amounts to €11,804 while the contributory State Pension is €12,391.60 per annum.

While it is welcome that the State Pension is set above the poverty rate, the aspiration should be for a State Pension that enables older people to grow old in dignity.

In 2015, 15.4 per cent of those aged over 65 years experienced deprivation. This means that approximately 93,000 older people were simply unable to afford basic goods and services. In 2009, the last year in which the State Pension was increased prior to 2016, the deprivation rate was much lower at 9.5 per cent.

As Table 3 illustrates, consistent poverty for older people has risen steadily since 2013 to 2.7 per cent. Older people living in consistent poverty are those that must survive on less than 60 per cent of the median income and who also experience deprivation.

Table 3 Poverty rates for those aged 65 years and over 2009-2013

	At risk of poverty %	Deprivation rate %	Consistent poverty %
2009	9.6	9.5	1.1
2010	8.7	9.8	0.9
2011	9.7	11.3	1.9
2012	12.1	13.5	2.6
2013	9.2	16.1	1.9
2014	10.3	14.3	2.1
2015	10.7	15.4	2.7

Source: CSO (various years) *Survey on Income and Living Conditions*- available at **http://www.cso.ie/en/silc/releasesandpublications/**

[10] CSO (2015) *Survey on Income and Living Conditions 2015*– available at http://www.cso.ie

[11] Equivalised disposable income per individual

The National Pensions Framework contains a commitment to "sustain the value of the State Pension at 35 per cent of average weekly earnings" and makes clear that this is to prevent poverty among older people[12]. Preliminary CSO figures for Quarter 1 2017 indicate that average weekly earnings are €723.08, which would suggest a State Pension of €253.08, substantially higher than the current rate[13].

Budget 2018 must continue to work towards this benchmark by increasing the weekly rate of the State Pension. We would further argue that in the medium-term the Government should examine the possibility of a statutory link between the State Pension and average earnings so that the Government of the day would be obliged to ensure the former was set at a minimum of 35 per cent of weekly average earnings.

According to the Department of Social Protection Ireland may be one of only two countries in the European Union that has no formula for indexing the State Pension to some combination of prices, wages or GDP[14].

The increases in income supports in Budget 2016 and 2017 represent one step in the right direction that must continue. Older people have spent a lifetime building this country. They shouldered their share of the austerity burden. As the economy returns to growth, they have a legitimate expectation that the sacrifices they made will be acknowledged and that the cuts they endured will be reversed.

4. Income Supports from the Department of Social Protection

"Ensure State Pension is kept up with GDP earning levels and increase Living Alone Allowance accordingly".

"Realistic annual pension increase. A huge proportion of pensioners depend on this payment, even if they also have a company pension, which is often inadequate and even frozen at a fixed amount".

[12] Government of Ireland (2010) *National Pensions Framework* p.19 – available at http://www.welfare.ie/en/downloads/nationalpensionsframework_en.pdf

[13] CSO (2017) Earnings and Labour Costs Quarterly – available at http://www.cso.ie/en/releasesandpublications/er/elcq/earningsandlabourcostsq42016finalq12017preliminaryestimates/

[14] Department of Social Protection presentation to the Joint Oireachtas Committee on Social Protection on 15 December 2016.

"State Pension that will enable a person for whom this is their only income to live in reasonable comfort. Automatic annual pension increase slightly above inflation rate".

"When a Budget increase in given for the pension, it never states that it is pro rata and the full amount only goes to those with the full credits".

The latest OECD Pensions at a Glance report states that three-quarters of older people's income is from public transfers[15]. To this end, the State Pension has provided a critical, and often sole, source of income for many older people. In 2012 the CSO confirmed the importance of state transfers as a key protection from poverty for older people[16]. The report states that public transfers[17] comprise 63.4 per cent of the household's disposable income for those aged 65 years and over.

During the recession our members repeatedly emphasised that the introduction of new taxes and charges[18], coupled with rising prices[19] and a reduction in secondary income supports[20], such as the Fuel Allowance, had a profound effect on their incomes.

As would be expected for older households, earnings from employment account for just under 13 per cent of household income with 6 per cent coming from private pensions, investment income and property income, and 17 per cent from occupational pensions[21]. To this end, the State Pension has provided a critical, and often sole, source of income for many older people during the recession.

The Household Benefits Package provides an important supplementary support, particularly for those solely reliant on the State Pension. It is targeted at those aged 70 years and over, as

[15] OECD (2015) *Pensions at a Glance 2015* – available at www.oecd.org
[16] CSO (2012) *Survey on Income and Living Conditions – Thematic Report on the Elderly 2004, 2009 & 2010* – available at http://www.cso.ie/
[17] Refers to all types of cash benefits paid to older people such as the State Pensions and the Household Benefits Package.
[18] The introduction of taxes such as the Local Property Tax and the carbon tax, particularly its introduction on solid fuels, had a particularly negative effect on older people during the recession.
[19] To emphasise the impact of rising individual costs, research undertaken by the Vincentian Partnership for Social Justice in 2013 noted that while overall CPI fell by 0.15 per cent in the period 2008 to 2013, the cost of a Minimum Essential Standard of Living for a lone pensioner and a pensioner couple rose by 5.03 per cent and 7.34 per cent respectively. See VPSJ (2013) Changes in the cost of a MESL in Comparison to CPI Inflation – available at www.budgeting.ie .
[20] For older people solely dependent on the State Pension and secondary supports such as the Household Benefits Package, the Telephone Allowance and the Fuel Allowance, their weekly income fell by over €13 per week between 2009 and 2016 due to cuts in the latter two benefits.
[21] OECD (2015) *Pensions at a Glance 2015* – available at www.oecd.org

well as those on low incomes between 60 and 70 years. The weekly monetary value of this support has fallen by €7.56 since 2009.

Living Alone Allowance

"Re: Living Alone Allowance. I think this should be higher. It costs the same to maintain a house, heat, and cook, pay property tax, etc. as for multi-occupation, especially a couple".

"Spouse died suddenly eight years ago. Difficult time since with every day expenses".

"I think the State Pension is very low for a person living on their own. The living alone allowance needs to be greatly increased".

"Living Alone Allowance should be substantially increased as living on your own incurs almost as many expenses as having a partner with his/her own pension. Nine euro per week does not even begin to compare with having a second pension coming in".

"Please highlight the unfairness of a person living alone, incurring the same costs of running a home on one income compared with two people with two incomes and incurring the same costs of running a home. This is especially unfair when a one-income home is expected to pay the same LPT as a two or more income home".

The latest Census statistics indicate that there were 587,284 people aged over 65 years living in private households. Of this number 156,799 (or 27 per cent) are living alone.

In our consultations with older people, an issue that is often raised is the cost of living alone versus that of a pensioner couple. Many older people experience the loss of a partner through bereavement which can have devastating emotional and financial effects. They highlight how the loss of partner often means the loss of an additional income, yet the costs of heating their home, for example, remains the same.

The Vincentian Partnership for Social Justice (VPSJ) Minimum Essential Budget Standards provides valuable quantifiable data on the costs of living alone versus a pensioner couple.

The research sets out the cost of fourteen core budget components[22]. An analysis of the total weekly cost of these components indicates that a lone pensioner living alone in an urban area will incur 79 per cent of the costs of a pensioner couple and this rises to 81 per cent in rural areas.

Table 4 provides an analysis of the 14 core MESL budget components by highlighting the percentage costs for a lone pensioner versus a pensioner couple in both urban and rural areas.

The data shows that food costs are 84 per cent of the expenditure of a pensioner couple household in an urban area and 76 per cent in a rural area. Energy costs are 96 and 97 per cent in an urban and rural area respectively. For those living in a rural area, access to a car is essential and 100 per cent of the costs are incurred.

The only item where costs are cut in half is in relation to health.

It is clear from this table that the costs of living alone are well in excess of half of those of the pensioner couple. Yet a comparison of various Social Welfare income scenarios[23] indicates that lone pensioners dependent on the State Pension have incomes of between 52 and 63 per cent of a pensioner couple also dependent on State Pension.

Therefore, while the costs incurred by a lone pensioner exceed 80 per cent of those of a pensioner couple, the proportion of income received is significantly lower than this.

[22] The core costs include food, clothing, personal care, health, household goods, household services, communications, social inclusion and participation, education, transport, household energy, personal costs, insurance and savings and contingencies.

[23] Using data from the VPSJ (2017) MESL update, a comparison of the income of pensioner living alone on the State Pension Contributory and a pensioner living alone on the State Pension Non-Contributory was undertaken. Three different scenarios for the Pensioner couple were used – Both on State Pension Non-Contributory; one on State Pension Contributory and one on State Pension Non-Contributory and one on the State Pension Contributory and in receipt of the Qualified Adult Allowance.

Table 4 Comparison of MESL 2017 Cost – Lone Pensioner vs Pensioner Couple

	LP cost % to PC	
	Urban	**Rural**
Food	84%	76%
Clothing	60%	60%
Personal Care	69%	72%
Health	50%	50%
Household Goods	93%	89%
Household Services	97%	100%
Communications	101%	101%
Social Inclusion and Participation[24]	75%	75%
Education	n/a	n/a
Transport	n/a	100%
Household Energy	96%	97%
Personal Costs	97%	98%
Insurance	55%	68%
Savings and Contingencies	67%	67%
All Expenditure	79%	81%

Source: Data analysed from the VPSJ website www.budgeting.ie. In particular this analysis draws on the latest available expenditure budgets for rural and urban areas for both a pensioner couple and pensioner living alone.

Furthermore, lone pensioners dependent on the State Pension (Non-Contributory) living in a rural area have an inadequate income with a weekly shortfall of €57.65 in meeting the MESL costs. Those dependent on this income source in an urban area have marginal income adequacy (a surplus of €0.27).

Those dependent on a State Pension Contributory living in an urban area have a weekly surplus of €9.87 while those in a rural area have a shortfall of €46.85.

Reverse the 2012 Pension Cut

> *"At present my wife and I receive combined state pensions of €404.70. I became 65 in June 2013. In September 2012 the Government changed the pension calculation system in order to cut pensions. People who reached 65 prior to September 2012 receive a higher pension than ours. Under the old system we would now have a combined €447.10. That is a cut of €40.40 per week! Which is disgraceful".*

[24] The increased communications cost relates to a higher number of stamps for a lone pensioner who is assumed to engage in letter writing more frequently in order to combat isolation.

“I am one of the many thousands that receive a reduced State Pension because of the changes made by Joan Burton in 2012. My pension is €197. I honestly fear for the future because of this injustice. I began work at 14 before it was possible to pay what was called 'a stamp'. I had to take some child rearing years off but returned to work as soon as possible”.

“The change in legislation in 2012 for contributory pension means that my wife, who has 1,843 contributions, will not receive her full pension as she 'broke service' to study and care for her parents when they were ill. The new 'contributory pension' rules discriminate against women”.

In 2015, the Department of Social Protection provided 547,600 recipients over the age of 65 years with a State Pension. The gender breakdown of these recipients was fairly even with 49 per cent female and 51 per cent male.

However, a gender analysis of those in receipt of the non-contributory pension indicates that 62 per cent were female and 38 per cent were male. Furthermore, a higher proportion of contributory pension recipients were males (64 per cent) versus females (36 per cent).

There are two fundamental problems with the contributory pension. The first is that it is based on an averaging out of one’s contributions. This means that any break in your contribution record potentially reduces your average contribution and so your pension. This has a disproportionate impact on women as they are more likely to choose to leave the workforce for periods of time due to family commitments.

The second fundamental problem relates to changes introduced by the Government in 2012. Many older women pensioners were obliged to give up work upon marriage, either by law before the end of the marriage ban in 1973, or because of cultural norms and practices. Their record of contributions to the Pay Related Social Insurance (PRSI) system can be broken and so they are awarded a lower weekly rate of the State Pension than they would have expected.

This is mainly because the weekly pension rate is calculated on the average number of contributions made over a working life.

For example, if an individual worked for a few months in 1968 and then left the workforce to raise a family (during which time she would not have made contributions) before going back to work in 2000, her total number of pension contributions is divided by 48 (the number of years between 1968 and 2016) to find the average.

The lower your average number of contributions, the smaller your pension. In effect, the weekly pension rate would be much higher if the individual had not worked in 1968.

The Homemakers' Scheme partly addresses gaps in employment due to caring responsibilities. It provides a disregard of up to a maximum of 20 years for those who take time away from the workforce to care full-time. However, it only applies to periods of caring since 1994 meaning tens of thousands of individuals who took time out of the workforce before then are punished in retirement for caring for loved ones.

In 2012, women were further penalised by changes to the qualifying criteria for the Contributory State Pension[25]. Essentially these made it harder to qualify for the higher rates of payment as well as reducing the weekly payment for those with a low level of contributions.

Research published by Age Action[26] identified 36,000 individuals negatively impacted by these changes between September 2012 and June 2016 – one-third of new pensioners. Of these 62 per cent were women. Those worst affected lost €30 per week or over €1,500 per year.

A reversal of these cuts would enable many older women to access an adequate income.

Recommendations:

1. Increase the weekly **State Pension** by €5 per week to build towards achieving the Government's objective of a State Pension set at 35 per cent of average weekly earnings [**Cost**: €123.4 million][27].

[25] For a succinct account of these changes see Age Action (2017) *Reversing the 2012 State Pension Cuts*. Available at https://www.ageaction.ie/sites/default/files/attachments/briefing_paper_3_-_reverse_the_2012_state_pension_cuts.pdf
[26] Bassett, M. (2017) *Towards a Fair State Pension for Women Pensioners* Dublin: Age Action.
[27] https://www.kildarestreet.com/wrans/?id=2017-03-01a.508&s=%22state+pension%22+section%3Awrans#g511.q

2. Ensure the final 15 per cent of the **Christmas Bonus** is restored as a double-week payment for Christmas 2016 for all social welfare recipients [**Cost**: Approximately €46 million][28].
3. Increase the **Living Alone Allowance** by €3 per week [**Cost**: €31.25 million][29].
4. Reverse the changes introduced in 2012, thereby reducing the number of bands from six to four. [**Cost**: €60 million].
5. Restore the **Bereavement Grant** [**Cost**: €24.5 million[30]].

[28] In 2016 the cost of paying 85 per cent of the Christmas Bonus was €221 million. To pay 100 per cent of the bonus in 2017 is estimated to be €267 million. However, this cost is an estimate and dependent on the number of actual versus estimate recipients of Social Welfare in December 2017. The additional cost of the remaining 15 per cent of the bonus is approximately €46 million https://www.kildarestreet.com/wrans/?id=2017-06-20a.5351&s=%22Christmas+Bonus%22+section%3Awrans#g5353.q

[29] The cost of increasing the Living Alone Allowance by €6 is in 2018 is €62.5 million. See https://www.kildarestreet.com/wrans/?id=2017-05-30a.712&s=%22Fuel+Allowance%22+section%3Awrans#g714.q

[30] https://www.kildarestreet.com/wrans/?id=2017-05-30a.709&s=bereavement+grant

6. Energy Poverty

"I cannot afford either life or home insurance. I have to go to bed early to save on heating and electricity. My husband passed away last year and I still have not paid off his funeral expenses. We did have life insurance but they cut it because we couldn't keep up the payments".

My mother cannot afford to heat her home i.e. 5 rooms and lives in one room heating it with a fire which she doesn't light until the afternoon and goes to bed at 9.30 in the winter to save fuel. Even with help to buy fuel she cannot afford to turn on the central heating for fear of a big bill she couldn't pay."

The publication of *A Strategy to Combat Energy Poverty* by the Department of Communications Energy and Natural Resources earlier this year provides a road map for tackling this issue across multiple Government departments and agencies. The issue of energy poverty is particular acute for older people for a variety of reasons, such as:

- A greater risk of cardiovascular and respiratory illness from cold and damp houses;
- More time spent in the home;
- A greater dependency on dirtier fuels for heating;
- A reliance on small, fixed, incomes, therefore any increase in fuel prices has a disproportionate impact;
- A tendency to live in older, less energy efficient, homes;
- A higher level of disability and chronic ill-health are reported amongst this age group[31].

Given these issues, Age Action particularly welcomes the initiation of the Warmth and Wellbeing pilot programme as part of the new strategy. We note the long-term benefits of this scheme and the collaborative approach between the Department of Communications, Energy and Natural Resources and health professionals.

[31] CSO (2007) *Ageing in Ireland* Dublin: CSO

However, while such programmes offer a longer-term and more sustainable solution to energy poverty, consumer behaviour among older people can also be detrimental to their energy security.

Lower rates of access to the internet mean older people are unable to avail of discounts only available to customers willing to transact their business online. An aversion to falling into arrears[32] means many will not pay their bills by direct debit. As a result, older people do not benefit significantly from increased competition in the energy market.

Data from the CSO also indicates that half of older people have oil-fired central heating. For those dependent on small, fixed, incomes it can therefore be difficult to pay for a fill of oil, particularly for those who receive the fuel allowance as a weekly payment.

Finally, it is important that the original objective of the carbon tax as revenue-neutral is achieved by using the revenue to address the issue of energy poverty, for example through the extension of the number of weeks during which the Fuel Allowance is paid. As it stands this tax is deeply regressive and it is imperative that low-income households and those at risk of energy poverty are not affected by future increases in the carbon tax.

Recommendations:

6. Begin to reverse the six weeks cut from the **Fuel Allowance** by extending the scheme by four weeks in Budget 2016 [€35.2 million][33].
7. Allow those in receipt of the **Fuel Allowance** to receive it in the form of two lump sum payments if they are using home heating oil [Administrative cost in 2018 only].

[32] Cotter, N. et al (2012) Coping with the cold- exploring relationships between cold housing, health and social wellbeing in a sample of older people in Ireland. Quality in Ageing and Older People 12(1):8-47.
[33] https://www.kildarestreet.com/wrans/?id=2017-05-30a.712&s=%22Fuel+Allowance%22+section%3Awrans#g714.q

7. Transport

"Free travel pass - private express buses don't take free travel pass; should be allowed in cases like Bus Éireann strike lately and when no trains are available".

"The Travel Pass is a treasure to most people. Talk of revenue loss is a nonsense. The buses and trains are running anyway. The emotional and practical benefit is enormous for well being of older people".

The provision of an accessible and affordable transport system is identified as an objective in delivering Goal 1 of the National Positive Ageing Strategy. The strategy states that people should be enabled 'as they age to get out and about through the provision of accessible, affordable, and flexible transport systems in both rural and urban areas'[34].

Age Action welcomed the €3 million increase in funding for the Free Travel Scheme in Budget 2016. Prior to this increase, funding for the scheme had been frozen for some years. This was despite the steady increase in the number of recipients over the last seven years.

Ultimately this has led to a situation where more people are using this support without a corresponding increase in funding for transport providers, which has the potential to raise again questions over the long-term sustainability of the scheme.

For instance, in 2009, the per-person funding was €108 whereas this had fallen to €92 by 2015 and to €91 in 2016 with the additional funding.

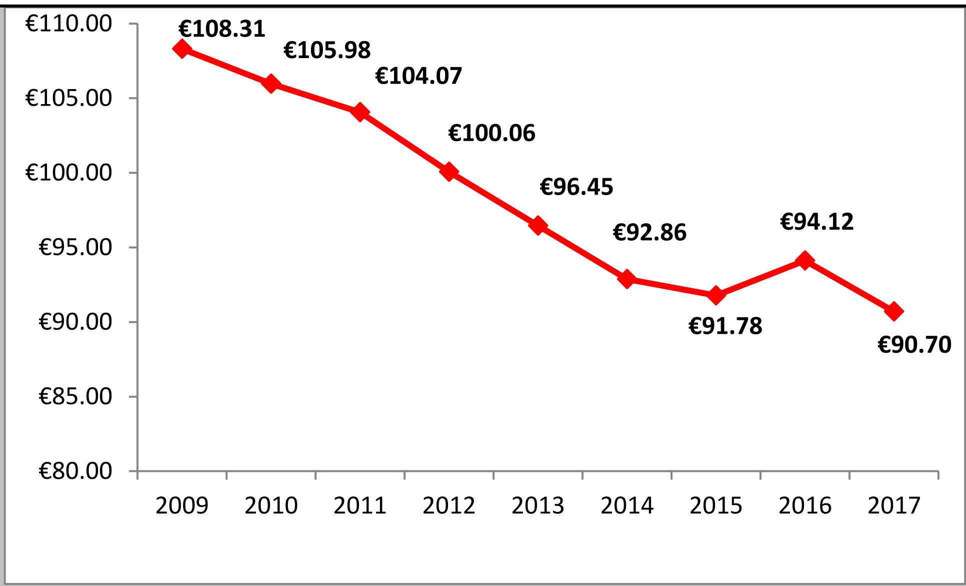
Table 5 Expenditure and Number of Travel Pass Recipients

	€'000	Number of recipients
2009[1]	73,489	678,477
2010[1]	74,094	699,164
2011[1]	75,597	726,412
2012[1]	75,518	754,731
2013[1]	75,477	782,529
2014[1]	75,487	812,892
2015[2]	77,000	839,000
2016[3]	80,000	850,000
2017[4]	80,000	882,000

[34] Department of Health (2013) *National Positive Ageing Strategy* – p. 13 – available at http://health.gov.ie

Sources:
[1]Department of Social Protection, Statistical Information on Social Services (various years) – available at http://www.welfare.ie
[2] https://www.kildarestreet.com/wrans/?id=2015-12-01a.243&s=%22travel+pass%22#g244.q
[3] https://www.kildarestreet.com/wrans/?id=2016-06-08a.695&s=%22travel+pass%22#g697.r
[4]https://www.kildarestreet.com/wrans/?id=2017-06-20a.5561&s=%22free+travel+scheme%22

Figure 1 – Funding per user



Source: As table above.

We welcome the commitment in the Programme for Partnership Government to not only fully protect the scheme but to also 'work with private and public operators to keep services operating on as many routes as possible'[35].

The privatisation of many bus routes has raised a great deal of concern among older people who are in contact with Age Action.

In effect, the number of routes on which the Free Travel Pass does not operate is increasing as private operators are licensed to provide a service on new routes. This poses a long-term threat to the operation of the Free Travel Scheme.

The Government must continue to invest in the Free Travel Scheme in order to ensure its continued viability.

[35] Government of Ireland (2016) *A Programme for Partnership Government* p. 83 - available at http://www.merrionstreet.ie/MerrionStreet/en/ImageLibrary/Programme_for_Partnership_Government.pdf

Recommendations:

8. Increase the funding for the **Free Travel Scheme** by €3 million to make it more attractive for operators to join and to ensure that it continues to address passenger needs [Cost: €3 million].

7. Conclusion

We look forward to discussing our recommendations at the Minister's Pre-Budget Forum on 21 July 2017. If you require any further information please do not hesitate to contact us at the details below.

For further information please contact:

Justin Moran, Head of Advocacy and Communications, Age Action, 30/31 Lower Camden Street, Dublin 2

T: 01-475 6989; E: advocacy@ageaction.ie