Submission to Government for Budget 2023

12 August 2022

Age Action is Ireland's leading advocacy organisation on ageing and older people. Age Action works for a society that enables all older people to participate and to live full, independent lives. To achieve this, Age Action supports and advocates for equality and human rights for all older people.

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Summary List of Recommendations by Department

CHALLENGE AGEISM	
1. Invest €2 million to create a Commissioner for Ageing and Older Persons as part of a package of measures to counter ageism.	Taoiseach
2. Fund a comprehensive review of COVID-19 in nursing homes.	Health
3. Outlaw mandatory retirement, to permit older workers to continue in employment beyond the age of 65.	Enterprise, Trade and Employment
PROMOTE INDEPENDENT LIVING AND HEALTHY AGEING	
4. Invest in supports to improve digital literacy among older people, while continuing to provide alternatives to online access to public services.	Further and Higher Education, Research, Innovation and Science; Public Expenditure and Reform
5. Increase investment in housing supports for older people, including housing aid grants and home support grants.	Housing Local Government and Heritage; SEAI
6. Invest in the implementation of a comprehensive national care strategy to support people to age in place meaning they live independently at home for as long as possible.	Health
7. Set out a roadmap to the consolidation of health spending to provide a universal public health system in Ireland such as exists in every other west European country.	Health
8. Ensure that all older persons have accessible, affordable transport options so they can live as independently as possible.	Transport
PROVIDE ECONOMIC SECURITY	
9. Increase the full rate of the contributory State Pension by €23 and the full rate of the non-contributory State Pension by €22. Increase the full rate Qualified Adult rate by €15 and the Living Alone increase by €15.	Social Protection
10. Implement benchmarking and indexing of the State Pension, and reinforce this by commissioning a comprehensive analysis of the costs associated with ageing, and the cost of living for all older people.	Social Protection
11. Expand all eligibility thresholds across all departments and agencies in line with any changes to the State Pension and other cash payments.	Social Protection

12. Expand the means test for the non-contributory State Pension and other means-tested welfare payments and income supplements to compensate for inflation.	Social Protection
13. Introduce an Energy Guarantee for Older Persons, as a reform of the Fuel Allowance.	Social Protection
14. Increase the rate of the Benefit Payment for 65-Year-Olds to the same rate as the State Pension, with access to the same range of income supplements and supports.	Social Protection
15. Budget 2023 should fund social insurance pension statements to be posted to all adults, spelling out their likely retirement income from the State Pension and encouraging them to save for retirement.	Social Protection
16. Raise awareness of the Household Benefits Package and the new Additional Needs Payment among older persons.	Social Protection
17. Budget 2023 should provide a stronger mechanism to enhance the pension eligibility of people, especially women, who have spent years providing care, with an allocation of €3 million in annual funding towards a dedicated Carer's Pension for long-term family carers.	Social Protection
18. Budget 2023 should address gender inequality in the State Pension rules.	Social Protection
19. Free Travel should be maintained, and expansion should be considered.	Social Protection; Transport
20. A €5 per week Digital Allowance should be provided for those older persons who cannot afford digital devices or internet subscriptions.	Social Protection
21. The cost of medication must be reduced.	Social Protection; Health

Overview

Budget 2023 cannot be an ordinary budget, given the extraordinary level of price inflation, not seen since the 1980s. In common with other jurisdictions, including the UK, which index-link welfare and tax bands to inflation, Budget 2023 must fully protect all social welfare incomes, including raising the full rate contributory State Pension by €23, simply to allow people to afford the same level of goods and services.

Inflation is being driven by energy costs and by the outworking of expansive monetary policy by the ECB to fund COVID-19 measures. At the same time as raising the cost of living, inflation in the economy boosts tax revenue and social insurance, which means that **it is sustainable and affordable for the Government to significantly increase core pension rates and other cash supports to keep pace with inflation**.

Overall, the budget must put in place the necessary resources to **challenge ageism** and age discrimination, to **promote the independence and health of older persons**, and to provide **economic security** to everyone in older age.

Public Finances

The high rate of inflation increases tax revenue and shrinks the national debt relative to economic output. The state has additional resources at its disposal in Budget 2023 to take the necessary action to protect older persons, most of whom have no way of increasing their own incomes.

In early 2022, tax revenue for the year was projected to be €75.8 billion,[1] up from €68.4 billion in 2021,[2] an increase of €7.4 billion. The outturn is likely to be even higher revenue by December, given that tax revenue in May 2022 was €6.3 billion higher compared to May 2021, of which €4 billion was from other sources than Corporation Tax.[3] In addition to this figure, social insurance revenue will be substantially higher, in line with higher income tax receipts. Even allowing that Corporation Tax receipts may be a temporary windfall, the state has substantial capacity in Budget 2023 to keep core social protection incomes in line with inflation in the cost of living. **A Government decision to raise social welfare incomes by less than the rate of inflation will be a political choice, not a necessity.**

Income Inadequacy

Most older persons have no capacity to raise their incomes. Many experience declining income and most have little or no cash savings. After a lifetime of contributing to society, it is right for the government to protect those who have no other way of coping with soaring living costs, especially for energy. Home heating oil is now 144% more expensive than it was two years ago (April 2020 to 2022) and 89% more expensive than it was in December 2016. Income inadequacy means that many older persons have no choice but to go without essentials like heating or a protein-rich meal, resulting in poorer health outcomes and lower life expectancy.

Even before the recent period of high price inflation, one in eight older persons was unable to afford a meal with meat, chicken or fish every second day. One in 20 was unable to afford to have family or friends to their home for a meal once a month. Nearly a third of single adults aged 65+ would be unable to face unexpected financial expenses, as would one in five older couples. People need adequate incomes to live in dignity and to age in as good health as possible.

Budget 2023 cannot be an ordinary budget. The full rate contributory State Pension will lose €22.61 in spending power in 2022 and will further lose spending power in 2023 as inflation will still be high. The Budget needs to deliver an evidence-based increase in the State Pension that is poverty-proofed and equality-proofed. **If the maximum rate of the Contributory State Pension is not raised by at least €22.61, it will represent a cut in spending power in real terms.**

The State Pension and other social welfare rates must increase ahead of projected inflation to prevent more people being pulled further into hardship. This is the

[1] https://www.gov.ie/en/publication/29e0b-summer-economic-statement-2022/
[2] http://databank.finance.gov.ie/FinDataBank.aspx?rep=TaxYrTrend
[3] http://databank.finance.gov.ie/FinDataBank.aspx?rep=TaxYrOnYr

minimum required to prevent further poverty and to meet the Government's targets in the *Roadmap for Social Inclusion*. **Age Action is calling for a €23 increase on the maximum contributory State Pension rate, €22 on the maximum rate non-contributory State Pension, and €15 on Qualified Adult increase. We are also calling for €15 on the Living Alone increase and the introduction of a new Energy Guarantee for Older Persons to help with energy costs.**

The State Pension and other welfare payments should be benchmarked against a minimum standard of living that includes all the costs associated with ageing and indexed to rise annually in line with the cost of living and/or average wages. Across Europe, welfare rates are routinely indexed in this way. The Irish social protection system needs to move away from stigmatising social welfare and to view the provision of adequate incomes as a basic requirement that allows people to live in dignity while also increasing demand in the economy.

Boosting the spending power of people on the lowest incomes does not drive inflation and a substantial increase in the social protection budget is affordable. Ensuring everyone can live in dignity also reduces many costs associated with poverty and deprivation, not least premature illness and disability.

Public Services

Budget 2023 must invest more in public services for older persons' independence, health and dignity, including medical care, social care, housing, home supports, transport, lifelong learning and digital literacy.

Age Discrimination

Every year, thousands of people are forced to retire at age 65 despite having no entitlement to a State Pension until age 66. The Government talks about supporting longer working lives but continues to allow discrimination against older workers in the form of compulsory retirement, leaving some of them short of a full State Pension income for the rest of their lives. (Only two-thirds of older persons gets a full rate State Pension).[4] Ageism in the labour market makes it difficult for older workers to gain opportunities, and investment in upskilling typically slows down or stops when workers enter their fifties. It is time for ageism like this to end.

Older Persons' Lived Experience

Age Action values the lived experience of older persons, which informs our analysis and advocacy work. We conducted a survey of older persons in June-July 2022 to inform our pre-budget submissions. The quotations below are a small example of the concerns and issues that older persons are facing in their lives.

"I am concerned about the approaching winter on a fixed income."

"I live with a disability and the cost of heating is terrible, sometimes I go to bed early."

[4] Department of Social Protection figures given to Age Action.

"My home, built in the early 70s, is very expensive to heat and I can't afford to avail of the grants to upgrade it."

"I'm 83 and live in a house built in the late seventies... It's impossible to warm my house! The last few years I haven't been able to put the heat on till 5.30 every day. Can't imagine what I'm going to do this winter!! I can cut down on food! My worry is keeping warm. Please help."

"I am living cautiously, there is less variety in my diet, over the winter I put the central heating on for an hour in the morning, I light my fire in the evening for about two hours, I counted the number of briquettes I could use. No coal this past winter to help the environment. Wore lots of layers, used a rug for heat, using car once a week for shopping."

"I am not able to move house because rents are too high, and fuel and food costs are taking more of my budget"

"Against advice, I often carry heavy shopping because I can't afford to put petrol in car. I can't afford to replace my winter shoes."

"Everything from food to heating, etc. seems to get dearer by the week. Thank God for our free travel or we'd be like prisoners in our own homes."

"I had plans to get more dry lining and cavity walls filled to make house warmer. Also my car needs replacing and was looking into getting electric car. Because of my savings over years, I would not qualify for grants. I wanted to do this for the environmental benefits. Rising costs have made me feel I should not undertake any major costs at this time."

"I try my best to not put the heating on at all and just use extra clothes, throws etc. to keep warm. Also petrol costs have meant that I have cut down my already very low usage of my car to just one trip a week to visit my elderly mother in a nursing home. This affects my ability to socialise, especially in the evening. During the day I use the free travel on public transport but am too nervous to utilise this in the later evening time or at night."

– Respondents to Age Action Lived Experience of Older Persons Survey 2022

PART ONE: CONTEXT

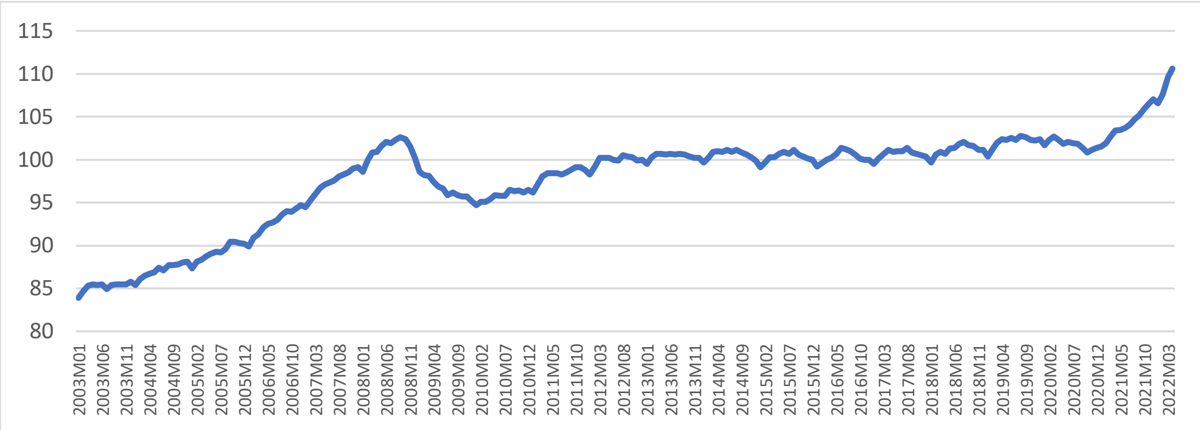
1.1 Price Inflation and the Cost of Living

In March 2021, consumer prices in the economy went past the highest point of the Celtic Tiger period (September 2008) and have continued to rise ever since, accelerated by the effects of the war in Ukraine. The projected inflation rate for 2022 is the highest annual rate of price increase since the early 1980s.

After a period of relative stability, energy prices have soared and many people on low to moderate incomes are struggling to cope with the increased cost of home heating. The extraordinary spike in energy prices has worsened the gaps and flaws in the existing Fuel Allowance scheme and other social welfare income supplements.

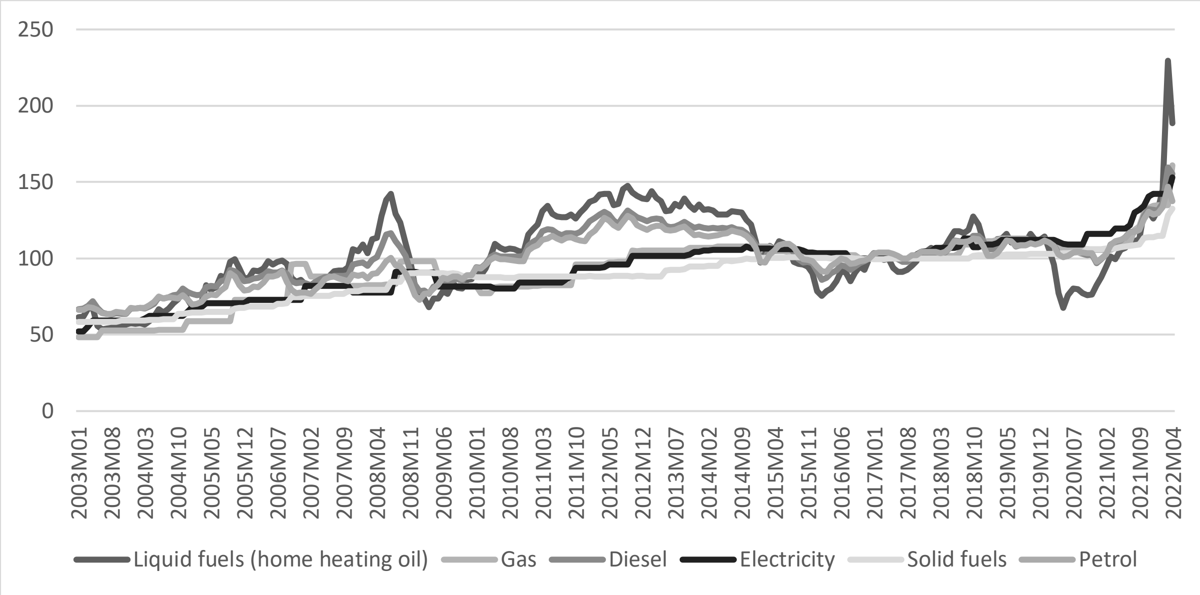
Nine in ten older persons rely on fossil fuels; half rely on home heating oil and a quarter have gas-fired central heating. Many lower income households cannot afford to change their central heating systems and are unable to "transition" away from reliance on fossil fuels.

Figure 1. Inflation, all items (CPI January 2003-April 2022; source: CSO)



With peaks and troughs linked to the Celtic Tiger economy, the 2008 crash and COVID-19, there is nonetheless a steady upward trajectory in the cost of fossil fuels, which are rising significantly faster than wages or social welfare. For example, home heating oil is now 144% more expensive than it was two years ago (April 2020 to April 2022) and it is 89% more expensive than in December 2016. Electricity is 38.2% more expensive than in 2020 and 53.1% more expensive than 2016. If we are serious about transitioning to a low carbon economy, including through carbon taxation, fossil fuel prices will only continue to rise.

Figure 2. Inflation in energy costs (CPI January 2003-April 2022; source: CSO)



While the effects of the war on Ukraine may be one-off, the embargo on Russian fossil fuels will have long-lasting effects on European fuel costs. Moreover, many gas and electricity bills had already risen significantly before the war began.

In October 2021, the State Pensions were raised by €5, but they had already lost more than €10 in spending power since the last increase. Spending power was further depressed by higher-than-expected inflation in 2022.

1.2 Lost Spending Power of the State Pension

The nominal value of the State Pension is less important than its **spending power**, which is the amount of goods and services that it permits older persons to afford.

In January 2022, the full rate of the contributory State Pension was €253.30. Older persons experienced price inflation of 9.8% in the period June 2021-June 2022, according to the CSO.[5] Age Action is making a conservative estimate that older persons will face inflation of at least 9.8% in the period January 2022-December 2022. This seems likely given that inflation has grown at a faster rate in 2022 than it did in 2021. For comparison, the Minimum Essential Budget Standards Research Centre estimates that the cost of a Minimum Essential Standard of Living will rise by 11% in 2022.[6] It is also a fact that the loss of spending power projected here for the

[5] CSO (27 July 2022) *Estimated Inflation by Household Characteristics June 2022* https://www.cso.ie/en/csolatestnews/pressreleases/2022pressreleases/pressstatementestimatedinflationbyhouseholdcharacteristicsjune2022/

[6] Minimum Essential Budget Standards Research Centre (June 2022) MESL Pre-Budget 2023 https://www.budgeting.ie/download/pdf/vpsj_mesl_pre-budget_2023_submission.pdf

calendar year 2022 already occurred in the period June 2021 to June 2022, which shows the pressure on older persons' financial wellbeing.

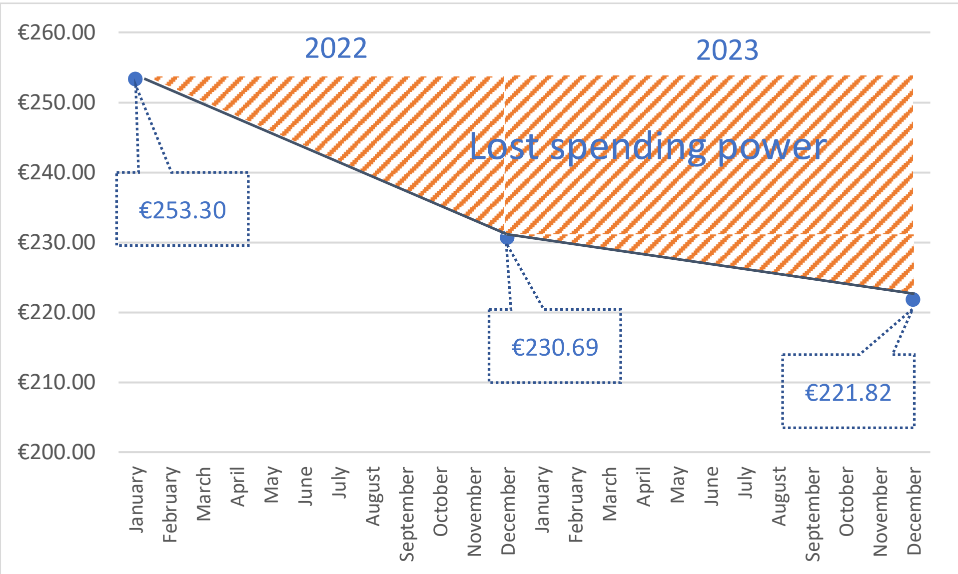
Based on inflation of 9.8%, by end-December 2022 older persons will experience a loss of nearly €23 (€22.61) in the weekly spending power of the full rate contributory State Pension.

Assuming a steady rise of inflation throughout the year, the cumulative loss of spending power in 2022 will be €589.48. That is, older persons reliant on the State Pension as their core income will have €589.48 less to spend throughout 2022, which for many people means cutting back on home heating, groceries or other essentials. For a couple, where one is a qualified adult and the other receives the full contributory State Pension, their joint loss of spending power adds up to €1,118 between January and December 2022.

The ESRI projects inflation of 4% in 2023.[7] Assuming no change in the rate of the State Pension, this would result in an additional loss of €8.87 per week in the spending power of the State Pension by the end of 2023, on top of the loss of €22.61 by end-2022. This means that during 2023, the top rate State Pension would lose a cumulative €1,410.21 in spending power. **The loss of spending power in 2022 and 2023 combined would be just under €2,000** (€1,999.68) if Budget 2023 does not increase the rate of the State Pension.

Practically all older persons benefit from the State Pension and maintaining the spending power of the pension is the clearest option for the state to support older persons who are losing spending power from private pensions and savings, as well as helping those for whom the State Pension is their main or only source of income. **Older persons are facing a major assault on their incomes, savings and living standards. In this context, it is imperative that the State Pension goes up at least €23 as the bedrock of income support.**

*Figure 3. Projected **spending power** of the full rate contributory State Pension January 2022 to December 2023*



Note: the red crossed out area represents the cumulative loss of spending power on a weekly basis.

[7] ESRI (June 2022) *Quarterly Economic Commentary Summer 2022* https://www.esri.ie/publications/quarterly-economic-commentary-summer-2022
This projection seems on the low end of what is likely. Their projection for 2022 is only 7.1% which has been superseded by recent CSO and Eurostat data showing a significantly higher rate of inflation in 2022.

If the maximum rate of the Contributory State Pension is not raised by at least €22.61 in Budget 2023, its purchasing power will have fallen in real terms. This means that many older persons will have to reduce their spending on fuel, food and other essential items because they have no way of increasing their incomes and have little or no cash savings.

As noted earlier, only two-thirds of State Pension recipients receive a full rate payment, and those on lower rate payments are likely to be at greater risk of deprivation. Further inflation in 2023 will also reduce the purchasing power of the State Pension from January 2023 onwards. Inflation-proofing the pension for next year would require a more substantial increase, or else quarterly adjustments to the rate to maintain its purchasing power. Raising the State Pension (or any welfare payment) to meet inflation will not drive further inflation and is affordable based on tax revenue boosted by inflation.

1.3 Why a €10 Increase to the State Pension is Not Enough

As outlined above, the full rate contributory State Pension will lose €22.61 in spending power by the end of 2022.

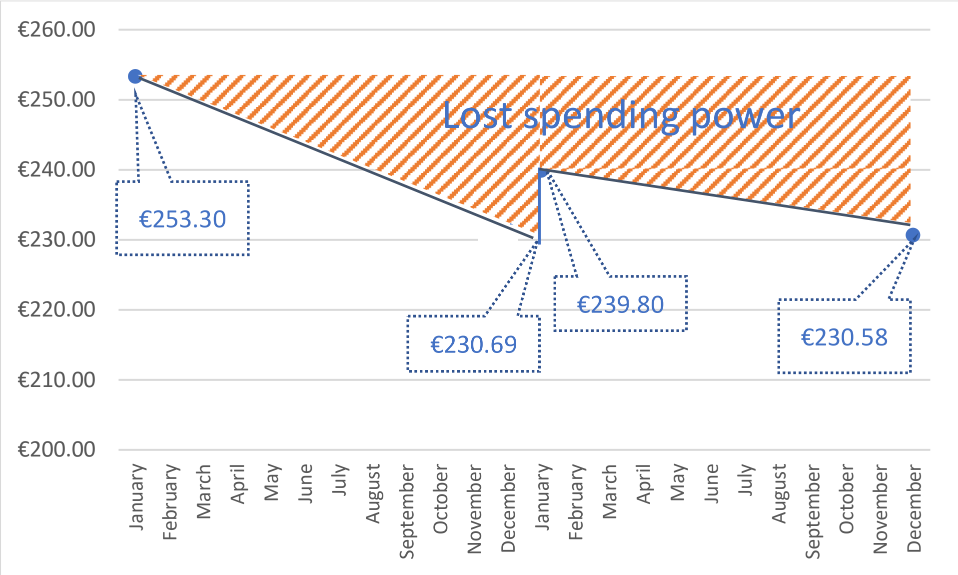
If Budget 2023 increases the State Pension by €10, the new nominal rate would be €263.30, but the **spending power** of the top rate State Pension would still be only €239.80 compared to January 2022, which is a loss of €13.50 per week in real terms (i.e. in a person's ability to buy goods and services that are now more expensive). Putting it another way, €10 in January 2023 will have the spending power of €9.11 compared to a tenner in January 2022. That €9.11 does not fully compensate for the loss of €22.61 in spending power by December 2022 (€22.61 - €9.11 = €13.50).

Even with a nominal €10 increase, the full rate contributory State Pension would have its spending power reduced by €657.52 throughout 2023 *before taking account of further inflation*. A similar analysis would show the inadequacy of an increase of €15 or €20 as they would not cover the loss of spending power in 2022.

The projection of 4% inflation in 2023 would reduce the spending power of the uplifted State Pension by €9.22/week by end-December 2023, a cumulative loss of €240.46.

The total loss of spending power by December 2023 despite a €10 increase, relative to the January 2023 rate's spending power, would be nearly €900 (€897.98). When the loss of spending power in 2022 and 2023 are combined, despite a €10 increase in January 2023, the total loss of spending power would be nearly €1,500 (€1,487.46).

*Figure 4 Projected **spending power** of the full rate contributory State Pension January 2022 to December 2023 with nominal €10 increase (real increase of €9.11) from January 2023*



Note: the red crossed out area represents the cumulative loss of spending power on a weekly basis.

1.4 Targeting versus "Universal" Measures

Core social protection payments are targeted measures; they go to those who need income support because they cannot work. Increasing all core social protection rates by €20 and increasing the top rate State Pension by €23 would cost up to approximately €1.5 billion in a full year based on the Parliamentary Budget Office's latest ready reckoner.[8] This compares with a tax take that is up over €5 billion by end-July, not including PRSI revenue. Even if Corporation Tax receipts are excluded, the state has the capacity to protect the incomes of those who rely on social protection for their core income.

Social protection incomes can be taxed, and most of the money is spent in the local economy (driving aggregate demand) and is subject to consumption taxes like VAT. The net cost of raising social protection incomes is always considerably lower than the gross/nominal cost, unlike some other public spending measures.

In contrast, reducing excise on fossil fuels or the €200 electricity subsidy to most households are universal measures that provide benefits to those who don't need them as well as to those on lower incomes. These type of measures are poorly targeted and expensive. Some of the poorest households don't receive the full amount (e.g. those on shared meters and some renters). The €200 electricity subsidy cost nearly €400 million, whereas raising the State Pension by €23/week would cost less than €800 million and do much more to prevent poverty.

For example, an older person in receipt of the €200 payment will still lose more than €389 in spending power in 2022. In addition, private and occupational pensions may not rise at all, and any cash savings will now be nearly 10% less in spending power. It is clearly much more important to raise the core State Pension rate than administer one-off payments to all households in the country.

[8] https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2021/2021-10-08_pre-budget-2022-ready-reckoner_en.pdf

There is scope to bring in super-targeted measures in addition to raising core social protection incomes. For example, Age Action has called for an Energy Guarantee for older persons that would provide a variable cash payment to help people cope with the rising price of energy.[9] Likewise, increasing the Living Alone payment would target those at greater risk of poverty and deprivation. But given the healthy state of the public finances, there is no need for any trade-offs between raising social protection core incomes and super-targeted measures to reduce poverty.

1.5 Benchmarking and Indexation of the State Pension is Essential and Urgently Required

In the UK and many European countries, social protection incomes like pensions are automatically increased in line with inflation and average earnings through indexation. In the UK, this is called the "triple lock", where pensions are raised by at least 2.5% if either inflation or average earnings grow less than that. Despite the high level of inflation experienced in the UK, the triple lock will be implemented in 2023,[10] which means that pensions there are expected to rise by 10% or £18.50 [€22.36].[11]

The indexation of social protection payments is an "automatic stabiliser", as it keeps up people's spending power, much of which goes into shops and services in their local areas. Indexing social protection rates is one way that European societies reduce boom-and-bust in their economies.

As recommended by the Pensions Commission, a process of benchmarking and indexing the State Pension is essential to preserve its spending power. However, the Pensions Commission report cautions that a benchmark of 34% of average earnings may not be sufficient to prevent poverty. Age Action has called for a comprehensive Cost of Aging study to be commissioned to provide the evidence for a robust benchmark for the State Pension.

Given the very significant rise in revenue from tax and social insurance, due in part to inflation, **a Government decision to raise social welfare incomes by less than the rate of inflation will be a political choice to cut the living standards of those on fixed incomes, not an economic necessity.**

1.6 Income, Wealth, Poverty and Deprivation

Across the board, pension incomes are significantly lower than incomes from employment or other economic activity. While nearly one in nine people aged 66+ is at work, most older persons have no means of increasing their incomes once they are no longer economically active, and many have declining incomes and/or declining savings. For many older persons "in old age, there is effectively nothing individuals can any longer do if their income from all sources is insufficient to keep them from poverty" (NESC).[12]

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[9] https://www.ageaction.ie/sites/default/files/age_action_energy_guarantee_for_older_persons.pdf
[10] https://www.gov.uk/government/speeches/cost-of-living-support
[11] https://www.ftadviser.com/pensions/2022/05/26/sunak-confirms-return-of-triple-lock-next-year/
[12] NESC (2005) *The Developmental Welfare State*. https://www.nesc.ie/publications/the-developmental-welfare-state/

The CSO's Survey of Income and Living Conditions (SILC)[13] finds that the median average income of people aged 65 or older is just 52.7% of those aged 35-49. Moreover, incomes for the younger age group grew by 4.2% in one year, compared to 1.5% for older persons.

Compared to an EU average of 57%, Irish people aged 65-74 have the third lowest income replacement rate at 38% (2020), compared to incomes at age 50-59.[14]

SILC found that half of older persons (65+) living alone have an annual disposable income of under €18,131 – or less than €347.72 per week. Half of older couples have an annual disposable income of less than €39,182 – or less than €751.43 per week. While this amount represents the median, many older persons have significantly lower incomes. For example, the maximum rate contributory state pension for a person living alone is €275.30 per week (inclusive of the €22 living alone increase), and for a couple, the maximum rate is €480.30 per week. **It is important to recall that only two-thirds of older persons receive a full rate state pension, whether contributory or non-contributory.**

When incomes are compared across different household types, close to half (46.9%) of older persons living alone have an income in the bottom 20%, and 70.3% have incomes in the bottom 50%. The CSO's Household Finance and Consumption Survey[15] finds that half of older persons (65+) living alone have cash savings under €8,100, and half of older couples have savings of less than €18,100. Unlike other households, this typically represents the life savings of older persons most of whom have an inadequate income to save money, meaning that they must draw on these savings for many major costs during the remainder of their lives, including for home maintenance and repair, home adaptation for disability, replacing a second-hand car, replacing a boiler/central heating system, retrofitting for energy efficiency, care costs and medical expenses.

When all sources of income plus savings are taken into account, based on average (median) incomes and savings from CSO surveys combined with 9.8% inflation, the average older person living alone will lose €1,532 in spending power by end-2022 and the average older couple will lose €3,364.

Cash savings are often on near-zero interest rates and any increase in ECB interest rates will take time to affect deposit rates and will be far below the rate of inflation. For example, assuming near-zero interest, pension savings of €1,000 in January 2022 will have the spending power of €911 in December 2022. **If high inflation continues into 2023, some people could see 15-20% of their retirement savings wiped out in just two years**.

Budget 2023 needs to take account of the fact that private/occupational pensions may not rise to meet inflation and cash savings will lose up to 10% of their spending power in one year. **The State Pension is the bedrock of income adequacy for most older persons, and it must be increased by €23 to stand still against inflation.**

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[13] CSO (2022) *Survey on Income and Living Conditions (SILC) 2021* https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2021/ See Table 2.3a

[14] https://ec.europa.eu/eurostat/databrowser/view/ILC_PNP3/default/table?lang=en

[15] CSO (2022) *Household Finance and Consumption Survey 2020* https://www.cso.ie/en/releasesandpublications/ep/p-hfcs/householdfinanceandconsumptionsurvey2020/

Before the current period of inflation, SILC found that nearly one in eight (11.9%) older persons was at risk of poverty, one in eleven (8.4%) suffered deprivation and one in 25 (2.5%) lived in consistent poverty, up by 250% from the previous year. These figures are from 2021 and before the recent spike in costs. These poverty indicators are considerably worse for older persons living alone, of whom 21.5% were at risk of poverty, 12.1% suffered deprivation and 4.3% lived in consistent poverty.

Men in the bottom 20% of the income distribution have a lower life expectancy by 2.6 years compared to the top 20%, and it is 2.3 years for women. Older persons in the bottom 20% of incomes are more than half again as likely to report "fair" or "bad" health compared to those in the top 20%.

1.7 Demographic Transition

There are over one million people aged 60 and over in Ireland, including half a million people in their 60s, over 350,000 people in their 70s, over 150,000 people in their 80s and nearly 30,000 people aged 90 or older.

The fact that many more people are surviving well into their 80s and beyond is a tremendous success story. A failure to adequately plan for an ageing population will pose challenges for the state and society, including in terms of the need for a greater public awareness of the rights and needs of older persons. By 2032, it is projected that there will be 30% more older persons (aged 60+), of whom 295,000 will be aged 80 or older, who are more likely to have significant health and/or social care needs. Budget 2023 needs to ensure investment continues to be made in the necessary infrastructure and public services to meet the needs of our ageing population.

PART TWO: BUDGET PROPOSALS

1) Challenge Ageism

The World Health Organisation (WHO) published the landmark *Global Report on Ageism* in 2021, which highlighted the pervasive nature of ageism, and its damaging effects on health and the economy.

Ageism arises "when age is used to categorize and divide people in ways that lead to harm, disadvantage and injustice and erode solidarity across generations."[16] It can manifest in institutional settings, interpersonal dynamics, or be self-directed.[17] In the Global Report, the WHO showed the links between ageism and poorer physical and mental health, social isolation, earlier death, and weaker economic outcomes.

Institutional ageism in Ireland is a serious concern, including in law and public policy. Age discrimination is evident in the economy, such as in practices like mandatory retirement (banned in the USA in the 1970s), difficulties faced by older people seeking employment, and a lack of training opportunities for older workers.

Ageism was strongly evident in some of the well-meaning but regressive decisions made during the COVID-19 lockdowns. Many older persons felt they were stripped of

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[16] https://www.who.int/teams/social-determinants-of-health/demographic-change-and-healthy-ageing/combatting-ageism/global-report-on-ageism
[17] https://www.who.int/teams/social-determinants-of-health/demographic-change-and-healthy-ageing/combatting-ageism/global-report-on-ageism

their autonomy and rights by blanket restrictions on their activities regardless of their individual health status or ability to manage risk for themselves. Many older people lost their jobs or ability to work in self-employment but were denied access to the supports offered to younger workers including the Pandemic Unemployment Payment (PUP).

RECOMMENDATIONS

1. Invest €2 million to create a Commissioner for Ageing and Older Persons as part of a package of measures to counter ageism.

If the Government wants to signal genuine concern for older persons, following the suffering caused by COVID-19 and the soaring cost of living, the single most effective investment – for just €2 million annually – would be to create and fund a Commissioner for Ageing and Older Persons, along similar lines to the existing Commissioners in Northern Ireland and Wales. A Commissioner for Ageing and Older Persons would promote the human rights and equality of older persons.[18]

2. Fund a comprehensive review of COVID-19 in nursing homes.

Budget 2022 should allocate funding for a focused inquiry into COVID-19 deaths in nursing homes and the experience of people living in nursing homes during COVID-19 to take place as soon as possible.

3. Outlaw mandatory retirement, to permit older workers to continue in employment beyond the age of 65. *(This is also a revenue raising measure).*

If the Government outlawed mandatory retirement, it is likely that thousands of older workers would choose to continue in employment voluntarily, which would increase tax receipts and reduce some public spending (such as the Benefit Payment to 65-Year-Olds as well as health spending over time). As an example, if just 1,000 older workers continued in employment, with earnings of €25,000 each, they would collectively contribute over €2 million in income tax and USC annually. There are nearly 50,000 people aged 64 in Ireland, of whom half are likely to be in employment. Abolishing mandatory retirement would undoubtedly provide sufficient revenue to fund a Commissioner for Ageing and Older Persons many times over.

2) Promote Independent Living and Healthy Ageing

"I am a very outgoing person but as I am now 91 years of age I can't stand for hours waiting for buses that don't come."

"The rise of petrol prices has severely curtailed my life. I live in a very rural area, without a bus or rail network. I am 6 miles return journey from shops or church. Like a lot of rural people, I live in isolation and my car is the only form of outing to the outside world."

[18] https://www.ageaction.ie/sites/default/files/commissioner_for_ageing_and_older_persons_position_paper_june_2022_2.pdf

"As someone with a mental health condition I know how beneficial it is to maintain social contact so the idea that it would be out of reach like during COVID-19 is very alarming."

"The strain of maintaining my house has increased my anxiety/depression and dependence on other people."

– Respondents to the Age Action Lived Experience of Older Persons Survey 2022

The overarching goal of our society should be to empower each of us to live independently at home for as long as possible, which has been recognised in the Programme for Government's commitments to "ageing in place". This requires a cross-departmental approach to ensure adequate housing, transport options, digital inclusion, financial inclusion, home supports, appropriate long-term care when required, medical services and a set of circumstances that facilitates healthy ageing, not least adequate income. (Income is addressed in section 3).

RECOMMENDATIONS

4. Invest in supports to improve digital literacy among older people, while continuing to provide alternatives to online access to public services.

The new National Digital Strategy envisages that 90% of public service transactions will occur online by 2030, with 80% of people having sufficient digital skills and 10% availing of assistance. The remaining 10% of transactions will occur offline. Budget 2023 should make the necessary investments to support older persons in each of these three categories of public service user. More investment is needed to assist older persons to develop digital skills, and for the state to develop what is meant by "assisted digital" as this is currently theoretical rather than a real service, and to fund a guaranteed level of offline service, meaning sufficient staff for desk-based, postal and telephone transactions.

The Digital Skills for Citizens Scheme should be expanded to allow more hours of digital training at the outset, using a learner-led approach, and it should allow refresher courses every few years. **Tripling the budget for this scheme would cost an estimated €4 million.**

As of the publication of the National Digital Strategy, 47% of people (of all ages) have insufficient digital skills. An exercise should be undertaken to cost the provision of offline services to everyone who is not using the internet for public service transactions. A code of best practice should be developed to describe an adequate level of service for offline transactions, and all publicly funded services should be required to demonstrate how they will provide sufficient staff and other resources to achieve that standard. **An allocation of €0.5 million should be given to the Department of Public Expenditure and Reform to undertake this exploratory work.**

5. Increase investment in housing supports for older people, including housing aid grants and home support grants.

Budget 2023 should double investment in local authority and social housing from €2 billion to €4 billion, and allocate a larger proportion of those funds to build social housing for older people.

The budget should also provide new incentives for long-term leasing of residential property to older people, to provide security of tenure in older age for the growing number of older persons in the private rental sector.

The budget should increase funding for housing aid grants and home adaptation grants by €15 million to €80 million in 2023, to support more people to age at home. The administrative process for accessing these grants should be simplified, with wider eligibility and better alignment with the process to access SEAI grants to encourage people to avail of home insulation at the same time as doing works on their home for mobility or general repairs. The changes introduced in 2014 should be reversed, to ensure better access for people on lower incomes who do not have the means to pay upfront and seek a reimbursement from their local authority.

Budget 2023 should fund a wide range of initiatives to improve the built environment, to enable people to age at home and to remain socially included. This should be done as part of the Urban Regeneration and Development Fund with an extra allocation of €16 million to bring the fund to €150 million in 2023.

6. Invest in the implementation of a comprehensive national care strategy to allow people to live independently at home for as long as possible.

Budget 2023 should provide the necessary funding to support the roll out of the new home support scheme, as well as to continue to invest in homecare services. Funding is needed to improve terms and conditions for workers in home care, as increasing numbers of people cannot find carers despite being allocated funding from the state for homecare.

Budget 2023 should provide the necessary funding to deliver on the programme for government's commitments with respect to family carers, including immediate investment to provide additional respite for carers and care recipients, as well as establishing the Commission on Care.

Many older persons are concerned about what will happen to their adult children with disabilities when they can no longer look after them. Budget 2023 should put in place a mechanism that gives older parents a firm guarantee of care and support for adult children with disabilities.

7. Set out a roadmap to the consolidation of health spending to provide a universal public health system in Ireland such as exists in every other west European country.

Older people (aged 65+) are ten times more likely to report that they are in good health than bad health. While many older persons have a long-term medical condition, these are often something that can be managed. They do not, of themselves, cause the person to experience "poor health" in their day-to-day lives. In 2019, 43% of people aged 65-74 report having a long-term condition that "requires supervision, observation or care". 49% of people aged 75 or older did so.[19] Nonetheless, older persons do experience illness and the need for healthcare more than younger or middle-aged adults.

According to the WHO, "Ireland remains the only western European country without universal coverage for primary care". Moreover, "As a consequence of non-universal coverage and long waiting times for treatment, unmet needs for medical care in

[19] https://www.cso.ie/en/releasesandpublications/ep/p-ihsmr/irishhealthsurvey2019-mainresults/healthstatus/

Ireland are above the EU average. In 2017, 2.8% of the Irish adult population had foregone medical care due to costs, long waiting times or distance."[20] People on lower incomes are worst affected, especially those with neither Medical Cards nor health insurance. In 2019, 2% of people aged 65 or older reported unmet healthcare needs caused by lack of transport or the distance to services. A further 14% (aged 65-74) or 11% (aged 75+) reported unmet healthcare needs due to waiting times.[21]

In the latest statistics, Ireland had 127 preventable deaths for every 100,000 people in the population aged 74 or less. "The concept of preventable deaths covers deaths which could have been avoided by public health interventions focusing on wider determinants of public health, such as behaviour and lifestyle factors, socioeconomic status and environmental factors." A further 71 deaths per 100,000 people aged 74 or less in the population were treatable, meaning that they could have been avoided through optimal quality healthcare.[22] While premature deaths can occur at any age, most of them occur to people aged 60-74 due to the accumulation of adverse circumstances over their life course.

While the causes may have taken decades to affect a person's health outcomes, there is nonetheless value in dedicating resources to preventative measures for people in their 50s and 60s to target a reduction in the number of premature deaths. Likewise, there is a need to focus attention on access to optimal quality healthcare for people in their 60s and 70s, as lack of access is leading to hundreds of premature, treatable deaths every year.

As of June 2022, there were 112,453 adults waiting over 18 months for outpatient healthcare.[23] Based on historical trends, most of those waiting are older persons. While acknowledging that the Government has invested in reducing waiting lists post-COVID-19, there needs to be continued investment made in Budget 2023.

The ESRI has made numerous reports on the need for substantial scaling up of infrastructure to meet future health needs, which is largely driven by our ageing population. This includes calls for a minimum of 3,200 extra public hospital beds by 2030,[24] and up to 15,381 staff by 2035 (between 2,575-3,236 medical staff, 5,726-8,868 nursing and midwifery staff, and 1,802-3,277 healthcare/social care assistants).[25] Both the development of physical hospital buildings plus the "pipeline" of graduates into health professions takes years of investment.

Older persons report many concerns with the health and social care system, including the lack of geriatricians, the under-resourcing of older person units, and the lack of personal dignity offered in hospital wards, especially in cases of dementia and end of life care.

Ancillary costs are also a concern, with transport to healthcare services posing a barrier to some older persons and car park charges representing a significant cost for those who have no other way to access hospital services.

[20] https://www.euro.who.int/__data/assets/pdf_file/0009/419463/Country-Health-Profile-2019-Ireland.pdf
[21] https://data.cso.ie/table/IH273
[22] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Preventable_and_treatable_mortality_statistics&oldid=569188#Number_and_rate_of_avoidable_deaths
[23] https://www.ntpf.ie/home/OpenData/OpenData_OPNational02_2022.csv
[24] https://www.esri.ie/system/files/media/file-uploads/2018-11/RB201825.pdf
[25] https://www.esri.ie/news/public-acute-hospital-workforce-requirements-set-to-increase-across-all-geographic-regions-as

COVID-19 continues to be a major concern, and Budget 2023 should continue to provide sufficient investment to deal with any future surge in the virus as well as to continue to fund preventative actions including hygiene precautions in healthcare environments, not least for the sake of people who cannot vaccinate or otherwise remain vulnerable to COVID-19 infection.

Budget 2023 should ensure funding is made available for a rolling programme of vaccine boosters to ensure that immunity to the coronavirus and its variants is maintained. Budget 2023 should also ringfence funding for the HSE to address long-term health effects from COVID-19 ("long COVID"), including making people aware that medical care is available to help them with these symptoms.

Budget 2023 should increase funding on mental health, including an increase in resources for services targeting depression, addiction, dementia and other conditions affecting older people.

8. Ensure that all older persons have accessible, affordable transport options so they can live as independently as possible.

The issue of transport emerges as a central concern for very many older persons. Most people in rural areas are car dependent but running even a second-hand car can become prohibitively expensive. Some older persons lose their driving licence for medical reasons (like poor eyesight) or else never had a driving licence (especially older women). Public transport is often limited or non-existent outside of cities and towns.

Budget 2023 must continue to fund the Free Travel scheme, and consideration should be given to expanding it to make it more useful to people in rural areas, such as allowing a certain number of taxi journeys per annum using the scheme.

Budget 2023 needs to invest more in rural public transport, to both increase frequency and to provide services where there are none. Flexible forms of rural transport are also needed, not least to help people travel the final distance between their homes and bus/rail stops.

3) Provide Economic Security

Most older persons cannot raise their incomes and have limited cash savings. As such, most older persons rely on the combination of the State Pension and whatever private or occupational pension income they may receive, with the majority relying heavily on the State Pension.

When people do not have inadequate incomes, they are forced to choose between essentials like food and fuel. Many older persons will limit their social activities to reduce weekly costs, which can lead to isolation and social exclusion.

RECOMMENDATIONS

9. Increase the full rate of the contributory State Pension by €23 and the full rate of the non-contributory State Pension by €22. Increase the full rate Qualified Adult rate by €15 and the Living Alone increase by €15.

Based on available data,[26] a €23 increase in the contributory State Pension and associated payments would cost €592 million and a €22 increase in the non-contributory State Pension would cost €111.1 million. All lower rates on the State Pensions should rise proportionately, and similar welfare payments should also increase to a proportionate extent. The Christmas Bonus should be maintained.

10. Implement benchmarking and indexing of the State Pension, and reinforce this by commissioning a comprehensive analysis of the costs associated with ageing, and the cost of living for all older people.

In the UK and many European countries, social protection incomes like pensions are automatically increased in line with inflation and average earnings through indexation. In the UK, this is called the "triple lock", where pensions are raised by at least 2.5% if either inflation or average earnings are growing to a lesser extent. Despite the high level of inflation experienced in the UK like in Ireland, the triple lock will be implemented in 2023,[27] which means that pensions there are expected to rise by 10% or £18.50 [€21.50].[28] Ireland should introduce benchmarking and indexation of core welfare, and this has been recommended for the State Pension by the Pensions Commission.[29]

Building on the recent Cost of Disability research report, which demonstrates the additional essential costs experienced by people with different disabilities,[30] there is a need for a comprehensive study on the costs associated with ageing, including one-off costs and additional living expenses that are particular to older persons. For example, home maintenance, mobility and transport costs, care and medical expenses can be additional costs facing older persons. Budget 2023 should set aside a sufficient budget to commission this research (estimated at €0.5 million).

11. Expand all eligibility thresholds across all departments and agencies in line with any changes to the State Pension and other cash payments.

A basic measure of poverty-proofing and prevention of unintended consequences in every budget should be a process to ensure all departments and agencies re-align their eligibility criteria and thresholds whenever changes are made to social protection incomes, including income supplements. For example, eligibility for Fuel Allowance, Medical Cards, social housing waiting lists, and eligibility for a wide range of other schemes and services should all be expanded in line with changes to welfare income. This is particularly important during the current period of high inflation.

12. Expand the means test for the non-contributory State Pension and other means-tested welfare payments and income supplements to compensate for inflation.

At present, the first €30 of a person's weekly income is disregarded and that person can still receive a full rate non-contributory State Pension. The €30 weekly income can be any combination of actual weekly income and/or a value assigned to cash savings. However both cash incomes and savings will be worth 9.8% less in

[26] https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2021/2021-10-08_pre-budget-2022-ready-reckoner_en.pdf
[27] https://www.gov.uk/government/speeches/cost-of-living-support
[28] https://www.ftadviser.com/pensions/2022/05/26/sunak-confirms-return-of-triple-lock-next-year/
[29] https://assets.gov.ie/200480/564ea175-28b2-417d-aa9b-3f1750225310.pdf
[30] https://www.gov.ie/en/publication/1d84e-the-cost-of-disability-in-ireland-research-report/

purchasing power by end-2022 compared to January but are still being counted as if they had the same value. For example, in December 2022, a person's weekly income of €33 will have less than the spending power that €30 had in January 2022. Yet the means test for the non-contributory State Pension will mean they get €5 less per week than if their income was actually €30. Over a full calendar year, that adds up to €260.72 less income from the non-contributory State Pension for someone who has already lost €156.43 in the purchasing power of their €33 weekly income. Even if the rate of the non-contributory State Pension increases to compensate for inflation, it will not bring a person on €33/week onto the full rate unless the means test calculation is also index linked to inflation.

Age Action is proposing a new calculation of how cash savings are treated as income, as shown in the following table.

Current Formula[31]	**Current Weekly Means**	**Proposed New Formula** (up 10%)	**Proposed Weekly Means** (up 10%)
First €20,000	Nil	First €22,000	Nil
Next €10,000	€1 per €1,000	Next €11,000	€1 per €1,100
Next €10,000	€2 per €1,000	Next €11,000	€2 per €1,100
Excess of €40,000	€4 per €1,000	Excess of €44,000	€4 per €1,100

In addition, to avoid penalising those with cash incomes affected by inflation rather than savings, it is proposed that a new income disregard for eligibility for the non-contributory state pension should be created, to be equivalent to X% of a person's weekly income where X is the cumulative inflation since January 2022 (rounded to 10% in the above example for clarity).

13. Introduce an Energy Guarantee for Older Persons, as a reform of the Fuel Allowance.

The dwellings occupied by older persons tend to be older and therefore poorly insulated, with an estimated 300,000 homes with a Building Energy Rating of E, F or G occupied by older persons. This means that home heating costs can be exorbitant for many, especially the two-thirds of older households not eligible for Fuel Allowance payments.

The Fuel Allowance and the Electricity/Gas Allowances need to be more effectively targeted at those in need to provide them with stronger support. Age Action is calling for a radical redesign of these schemes in the form of an Energy Guarantee for Older Persons,[32] which has three key characteristics.

Firstly, it is a cash payment benchmarked and indexed against the price of energy. This is modelled on the original version of the Electricity Allowance, which from 1968 to 2013 guaranteed older persons a certain number of units of energy, ensuring that they could always afford to meet their basic home energy needs.

Secondly, eligibility will be determined not only based on income, but also based on a home's insulation level. This fills a gap where currently older persons who are in the most poorly insulated homes, but on moderate incomes, do not receive Fuel Allowance despite unmanageable energy costs.

[31] https://www.gov.ie/en/publication/11f23e-means-assessment-guidelines/#property
[32] https://www.ageaction.ie/sites/default/files/age_action_energy_guarantee_for_older_persons.pdf

Thirdly, the Guarantee would be a banded payment, with persons on lower incomes and/or in more poorly insulated homes receiving a larger income supplement. No one should be worse off under this new scheme than under existing schemes, which means all persons aged 70 or older will be entitled to something under the Guarantee at least equivalent to the Electricity/Gas Allowance.

In Budget 2023, Age Action is calling for an additional €200 million to be allocated to Fuel Allowance from Carbon Tax revenue, as a first step towards bringing in an Energy Guarantee. This money should fund eligibility for Fuel Allowance for people in poorly insulated homes, and it should fund the creation of a partial-rate tier of Fuel Allowance with wider income eligibility, so that access to Fuel Allowance is no longer all or nothing.

14. Increase the rate of the Benefit Payment for 65-Year-Olds to the same rate as the State Pension, with access to the same range of income supplements and supports.

Expand eligibility for the payment to everyone who is forced to retire at 65 by a mandatory retirement clause in an employment contract.

15. Budget 2023 should fund social insurance pension statements to be posted to all adults, spelling out their likely retirement income from the State Pension and encouraging them to save for retirement.

As part of the roll out of auto-enrolment and since many low- to middle-income workers do not currently save for retirement, greater awareness of the State Pension is needed to help people understand what they need to do to secure a higher income in older age.

16. Raise awareness of the Household Benefits Package and the new Additional Needs Payment among older persons.

Many older people are not aware of the existence of these schemes, including the Emergency Needs and Urgent Needs payments now reorganised under the unified Additional Needs Payment. All people approaching age 70 should be written to by the Department to inform them of their entitlement to the Household Benefits Package, along with a form to apply for it. Similarly, all households should be sent clear communication about the availability of the Additional Needs Payment.

17. Budget 2023 should provide a stronger mechanism to enhance the pension eligibility of people, especially women, who have spent years providing care, with an allocation of €3 million in annual funding towards a dedicated Carer's Pension for long-term family carers.

Many older persons have been homemakers and carers for well over 20 years, yet the arbitrary cap of 20 years prevents them gaining a full State Pension. This inequality should be removed.

18. Budget 2023 should address gender inequality in the State Pension rules.

For example, many women receive only a "qualified adult" payment (of up to €227 for those over 66) based on their spouse's contributory State Pension, which is paid to them directly in recognition that it is their income, but it is lower by €26.30/week (€1,371/year) than a full rate contributory State Pension. Also, those over 80 are not entitled to the €10 increase after that age (worth an additional €520). Such restrictions and limitations reinforce gender inequality and should be removed from the pension system.

19. Free Travel should be maintained, and expansion should be considered.

The Free Travel scheme is often cited as important by older persons, and for some it is their only means of transport. In areas where public transport is limited, consideration should be given to pilot schemes to allow people to use their Free Travel pass for a set number of taxi fares per annum.

20. A €5 per week Digital Allowance should be provided for those older persons who cannot afford digital devices or internet subscriptions.

With the increasing demands to go online, not least due to the Government's Digital First approach and the push to develop telehealth, it is essential to remove cost as a barrier preventing some older persons from using the internet.

People over 70 in receipt of Fuel Allowance are also given a Telephone Allowance. Eligibility for this payment should be extended to cover the cost of access to the internet and basic subscriptions to permit people to operate online as a Digital Allowance. Tripling the budget for this scheme would cost an estimated €16.8 million.

21. The cost of medication must be reduced.

A major concern of many older persons is the cost of medication and medical devices, when their costs exceed the Drug Payment Scheme thresholds or for items not covered by the scheme. As noted earlier, every year there are hundreds of treatable deaths that could have been prevented through access to optimal healthcare. This implies that there are thousands of cases of illness that could be addressed through better healthcare. For example, Croí have called for more scanning for heath value disease, which they believe would prevent dozens of deaths annually.[33]

Reducing barriers to accessing medications and medical devices is an essential part of closing the gap to improve health outcomes in Ireland, especially for those on lower incomes. For example, one TILDA report finds that: "In an attempt to save money, older people may not take essential medication such as blood pressure tablets as prescribed. According to Professor Charles Normand, this has been responsible for 200 to 300 strokes every year and a similar number of heart attacks."[34] Budget 2023 should give a 50% reduction in Drug Payment Scheme thresholds for older persons living alone and to remove the prescription charge entirely for Medical Card holders over the age of 70.

[33] https://croi.ie/about/nipc/
[34] https://tilda.tcd.ie/publications/reports/pdf/Report_Polypharmacy.pdf