

Good morning Cathaoirleach and to the other members of the committee. On behalf of Age Action I would like to thank you for the invitation to come speak with you today in relation to our recommendations to the Minister for Social Protection on Budget 2017.

My name is Naomi Feely and I am the Senior Policy Officer at Age Action. I lead the organisation's policy team which includes responding to a wide variety of policy issues that affect the lives of older people. Of critical importance to this work is capturing the lived experience of older people in Ireland to ensure that our recommendations will have a positive impact on their lives.

*The lived experience of growing older in Ireland*

Earlier this year, over April and May, our policy team consulted with Age Action members throughout Ireland in preparation for our submission for Budget 2017. This included a series of meetings around the country along with distributing a short survey. Through this process we heard from more than 400 older people.

I would like to share with you some of the responses we received:

*Catherine told us, "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."*

*Thomas described the reality of trying to make ends meet, "The State Pension is too low, especially since the extra charges were thrown at us. I find it hard to live on €233 a week and pay the property tax along with the everyday expenses like oil, phone, food and clothing and, if one is lucky, like me, to own a car, which is ten years old, that too can become a headache with rising costs of insurance and motor tax along with NCT bills and upkeep of the vehicle.*

*It's certainly hard. That's my opinion."*

*And Deirdre wrote to us, "My mother cannot afford to heat her home. She lives in one room, heating it with a fire which she doesn't light until the afternoon. She 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."*

### *Cumulative impact of previous budgets*

Between January 2009 and January 2015 the weekly incomes of older people dependent on the State Pension and secondary income supports, such as the Household Benefits Package and the Fuel Allowance, fell by €13.18 per week<sup>1</sup>.

Research we are currently carrying out indicates tens of thousands of pensioners had their pensions drastically reduced following changes to the eligibility criteria for the contributory pension in 2012.

According to the latest official poverty statistics from the CSO, 10.3 per cent of people aged 65 years and over were 'at risk' of poverty in 2014.<sup>2</sup> This means that one in ten older people were living on less than 60 per cent of the median income. This is less than €11,000 per annum.

In 2014, 14.3 per cent of those aged over 65 years experienced deprivation, that is they were unable to afford basic items such as two pairs of strong shoes or to replace worn furniture. According to Social Justice Ireland this is more than 85,000 older people<sup>3</sup> - approximately the combined population of Bray town and Limerick city. 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.

Budget 2016, which included a €3 increase in the weekly rate of the State Pension and restoration of 75 per cent of the Christmas Bonus, was the first to try to ease some of the hardship inflicted on older people over seven successive austerity budgets but it fell far short.

Almost half of the income lost by pensioners between 2009 and 2015 has still not been restored, including that lost because of the:

- Abolition of the Telephone Allowance;
- Reduction in the number of weeks for which the Fuel Allowance is paid;
- Decrease in the value of the electricity element of the Household Benefits Package.

---

<sup>1</sup> Age Action (2015) *Pre-Budget Submission 2016* – available at [www.ageaction.ie](http://www.ageaction.ie)

<sup>2</sup> CSO (2015) *Survey on Income and Living Conditions 2014*– available at <http://www.cso.ie>

<sup>3</sup> 'Number of people in deprivation up more than 200,000 since Government took office' - <http://www.socialjustice.ie/content/policy-issues/number-people-deprivation-more-200000-government-took-office>

### *What needs to happen in Budget 2017?*

Earlier this year, older voters were promised, by many of those candidates and parties seeking their support, a minimum of a €25 increase in the State Pension over the next five years. Budget 2017 is the first opportunity to make clear to almost 600,000 people over the age of 65 that the commitments made to them will be honoured.

The State Pension is a critical, often the only, source of income for older people. According to the OECD<sup>4</sup> up to three-quarters of a household's disposable income for those aged over 65 is made up of public transfers.

The National Pensions Framework commits to “sustain the value of the State Pension at 35 per cent of average weekly earnings” to prevent poverty among older people<sup>5</sup>. Preliminary CSO figures for the first quarter of 2016 indicate that average weekly earnings are €707.99, which would indicate a State Pension of €247.80, substantially higher than the current rate.<sup>6</sup>

We recognise that this rate will not be achieved immediately. However, Budget 2017 must see a determined effort from the Government towards achieving the target set in the National Pensions Framework.

We are asking the Minister for Social Protection to increase the weekly rate of the state pension by €5 in Budget 2017 [at a cost of €130 million] as well as ensuring the final 25 per cent of the Christmas Bonus is restored as a double-week payment for Christmas 2016 for all social welfare recipients [at a cost of €67 million].

### *Address Energy Poverty*

We welcome the publication earlier this year of *A Strategy to Combat Energy Poverty* by the Government as a road map to tackling this issue across multiple Government departments and agencies.

---

<sup>4</sup> OECD (2016) Pensions at a Glance 2015 – OECD and G20 Indicators – available at [http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/pensions-at-a-glance-2015\\_pension\\_glance-2015-en#page3](http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/pensions-at-a-glance-2015_pension_glance-2015-en#page3)

<sup>5</sup> Government of Ireland (2010) *National Pensions Framework* p.19 – available at [http://www.welfare.ie/en/downloads/nationalpensionsframework\\_en.pdf](http://www.welfare.ie/en/downloads/nationalpensionsframework_en.pdf)

<sup>6</sup> CSO (2016) Earnings and Labour Costs Quarterly – available at <http://www.cso.ie/en/releasesandpublications/er/elcq/earningsandlabourcostsq42015finalq12016preliminaryestimates/>

The issue of energy poverty is particularly acute for older people for a variety of reasons, such as a tendency to spend more time in the home, greater likelihood of living in older, less energy efficient, homes and a greater risk of cardiovascular and respiratory illness from cold and damp houses, amongst other.

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 it is being undertaken between the Department of Communications, Energy and Natural Resources and health professionals.

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. As a result, older people do not benefit significantly from increased competition in the energy market.

For those on low incomes, therefore, supplementary payments such as the Fuel Allowance are a vital support. During the course of the last number of budgets the period for which this payment has been paid was reduced from 26 weeks to 20 weeks, but winter didn't get any shorter. We are calling for Budget 2017 to begin to reverse this cut to the Fuel Allowance by extending the scheme by four weeks [at a cost of €35 million].

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. We have urged the Department to provide people with an option of receiving this payment in a lump sum payment.

*A joined up approach is critical*

Finally, I am conscious of the remit of this committee, however, I would like to advise that we have also made submissions to five other government departments as well as writing to the Ministers for Finance and for Public Expenditure and Reform. While we have called for an increase in income supports for older people, this can be negatively impacted by cuts or changes to the eligibility criteria of other supports from other departments.

An increase in the State Pension, for example, might cause a pensioner to lose his or her medical card. Decisions made by one department have repercussions elsewhere and it is essential that this is understood and action taken to ensure gains made by older people in one part of the budget do not lead to losses elsewhere.

At Age Action we have repeatedly called for a cross-departmental approach to addressing an ageing population. What this means is ensuring that the focus on planning for an ageing society does not solely focus on the expenditure of the departments of social protection and health, but also considering the programmes under the remit of other departments such as Housing, Planning, Community and Local Government (in terms of the Housing Adaptation Grant) and Communications, Climate Action and Environment (in terms of addressing digital inclusion and addressing energy poverty).

ENDS

23 September 2016