



## **Age Action Priorities for Budget 2017**

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## Four Top Priorities for Older People in 2017

1. Increase the weekly State Pension by €5 per week, in line with the commitment made in the Fine Gael manifesto, to continue to restore real value to this important payment and to build towards achieving the Government's objective of a State Pension set at 35 per cent of average weekly earnings<sup>1</sup> [Cost: €130 million<sup>2</sup>].
2. Restore the Fuel Allowance and the full Telephone Allowance and the over the next two budgets. In Budget 2017 we recommend extending the Fuel Allowance scheme by four weeks and reversing the October 2013 cut to the Telephone Allowance. Budget 2018 should reintroduce the full Telephone Allowance [Cost: €83 million<sup>3</sup>].
3. Increase home help hours and reverse the decline in the quality of the service by providing an additional 4.1 million hours to ensure a service that meets the diverse needs of a growing number of older people. [Cost: €73.8 million]<sup>4</sup>.
4. Remove the prescription charge for medical card holders [Cost: €120 million].

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<sup>1</sup> National Pensions Framework - [http://www.welfare.ie/en/downloads/nationalpensionsframework\\_en.pdf](http://www.welfare.ie/en/downloads/nationalpensionsframework_en.pdf)

<sup>2</sup> See Written Response to PQ - <https://www.kildarestreet.com/wrans/?id=2016-05-17a.1537&s=%22State+pension%22+-section%3Awrans#g1538.q>

<sup>3</sup> See Written Response to PQ - <https://www.kildarestreet.com/wrans/?id=2016-06-28a.817&s=%22Fuel+Allowance%22> and <https://www.kildarestreet.com/wrans/?id=2016-05-17a.1537&s=%22telephone+allowance%22+section%3Awrans#g1544.q>

<sup>4</sup> In 2011, €211 million bought 11.98 million hours (cost per hour €17.61), in 2015 €185 million bought 10.3 million hours (cost per hour €17.96), 4.1 million hours @ €18= €73.8 million.

## 1. Introduction

Age Action was established in 1992 as the voice for older people and Ireland's leading advocacy organisation on ageing issues.

We act both as a network of organisations and individuals, including older people and carers of older people, and a service provider, assisting tens of thousands of older people every year.

Our mission is to empower all older people to live full lives as actively engaged citizens and to secure their rights to comprehensive high quality services according to their changing needs.

This submission outlines our top priorities for Budget 2017. Detailed submissions have been made to a number of departments listed below and are summarised in the appendix.

- Department of Social Protection;
- Department of Health;
- Department of Housing, Planning and Local Government;
- Department of Communications, Climate Change and Natural Resources;
- Department of Foreign Affairs and Trade (Irish Aid);
- Department of Education and Skills.

## 2. Context

Growing old in Ireland should not mean growing afraid. But it does.

Pensioners struggling to cope with rising costs are afraid of losing their home because they are unable to pay the property tax.

Others make whatever sacrifice they must to keep their health insurance. They're afraid of getting sick, of relying on our public health system, of prescription charges that have increased 500 per cent and of losing their medical card.

And for more, it is the fear of being forced into a hospital or a nursing home because they can't get the extra help they need to enable them to stay home.

Last year's budget was the first to try to ease some of the hardship inflicted on older people over seven successive austerity budgets but it fell far, far short.

Older people have spent a lifetime building this country. They shouldered their share of the austerity burden. As the economy continues to grow, they have a legitimate expectation that the sacrifices they made will be acknowledged and that some of the cuts they endured will be reversed.

It's an expectation based on firm commitments made to them earlier this year.

In February, Fine Gael promised older voters a €25 increase in the State Pension over the next five years and an additional 2.2 million hours of home help support if they were to be re-elected.

Budget 2017 is the Government's opportunity to make clear to almost 600,000 people over the age of 65 that the promises made to them will be honoured.

### 3. Development of Pre-Budget Submission 2017

Over April and May our policy team consulted with Age Action members throughout Ireland. This included a series of meetings around the country along with distributing a short survey through our magazine Ageing Matters and through other Age Action networks.

#### *Consultation Meetings*

Over a series of meetings members worked in small groups to identify the most important issues for Budget 2017.

After a general discussion, everyone voted on the top priorities. Table 1 lists the top five priorities identified by our members from all four meetings.

Table 1 Priorities Identified at Budget Consultation Meetings
1. Home help and Home Care
2. Increase in State Pension
3. Prescription charges
4. Property tax
5. Household Benefits Package (including Telephone Allowance specifically)

Home help and home care were identified as one of the top priorities at all four meetings. An increase in the State Pension was discussed at all of our meetings. The restoration of the Telephone Allowance was a top priority at our Galway meeting and those attending were vocal about its importance for older people.

The Local Property Tax (LPT) was identified as a top priority at our meetings in Dublin and Galway, further evidence of the impact of increased costs and taxes on older people with fixed incomes.

**Survey of Older People**

We received almost four hundred responses to our survey. One-third (35 per cent) of those who responded said that the State Pension was their most important income support, followed by an occupational and /or private pension (20 per cent) and the Household Benefits Package (19 per cent).

The low level of importance of the Fuel Allowance and the Living Alone Allowance is partly attributable to the fact that they are means tested and only available to those living alone respectively.

<b>Table 2 Most Important Income Supports</b>	
1. Income Support	%
2. State Pension	35%
3. Occupational and / or private pension	20%
4. Free TV licence, electricity units provided by the Household Benefits Package	19%
5. Fuel Allowance	15%
6. Living Alone Allowance	12%

The most important health and social care supports were the Medical Card (45 per cent) and private health insurance (37 per cent). While home help, home care and nursing home support were ranked substantially lower, at 11 per cent and 7 per cent respectively, it is important to bear in mind that not all older people will need access to these supports.

<b>Table 3 Most Important Health and Social Care Supports</b>	
Health and Social Care Support	%
Medical Card (GP-only or full Medical Card)	45%
Private health insurance	37%
Home help or / and home care package	11%
Nursing home support	7%

## 4. Restoring Older People's Incomes

During the recession our members emphasised that new taxes and charges, coupled with rising prices and a reduction in secondary income supports, had a profound impact on their incomes.

### *Impact of new taxes*

The introduction of taxes such as the Local Property Tax has had a particularly negative effect on older people.

Census data shows 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 increases in the property tax are inevitable and this will pose a risk of serious hardship to older people who may own property but be reliant entirely, or mostly, on the State Pension.

### *Increase in insurance*

During the last 12 months house insurance rose by 10 per cent while health insurance, albeit coming from high base in May 2015, increased by 6.5 per cent.<sup>5</sup>

Older people see health insurance as a necessary outlay due to their increased likelihood 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.

### *Changes to Income Supports*

Between January 2009 and January 2015 the weekly incomes of older people dependent on the State Pension and secondary income supports (Household Benefits Package and the Fuel Allowance) fell by €13.18 per week<sup>6</sup>.

Last year saw some improvement with a €3 increase in the weekly rate of the State Pension and restoration of 75 per cent of the Christmas Bonus.

However, 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;

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<sup>5</sup> CSO (2016) Consumer Price Index Monthly Series – available at [www.cso.ie](http://www.cso.ie)

<sup>6</sup> Age Action (2015) Pre-Budget Submission 2016 – available at [www.ageaction.ie](http://www.ageaction.ie)

- Decrease in the value of the electricity element of the Household Benefits Package.

### **Poverty Rates**

The latest official poverty statistics from the CSO indicate that 10.3 per cent of people aged 65 years and over were ‘at risk’ of poverty in 2014.<sup>7</sup> This means that one in ten older people were living on less than 60 per cent of the median income (less than €11,000).

In 2014, 14.3 per cent of those aged over 65 years, 85,000 older people, experienced deprivation.<sup>8</sup> 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.

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>9</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>10</sup>

In Budget 2017 we must see a determined effort from the Government towards achieving the target set in the National Pensions Framework.

### **Recommendations:**

- **Increase the weekly State Pension by €5 per week, in line with the commitment made in the Fine Gael manifesto, to continue to restore real value to this important payment and to build towards achieving the Government’s objective of a State Pension set at 35 per cent of average weekly earnings [Cost: €130 million<sup>11</sup>].**
- **Restore the Fuel Allowance and the full Telephone Allowance over the next two budgets. In Budget 2017 we recommend extending the Fuel Allowance scheme by four weeks and reversing the October 2013 cut to the Telephone Allowance. In Budget 2017 we recommend extending the Fuel Allowance scheme by four weeks and reversing the October 2013 cut to the Telephone Allowance. Budget 2018 should reintroduce the full Telephone Allowance [Cost: €83 million<sup>12</sup>].**

<sup>7</sup> CSO (2015) Survey on Income and Living Conditions 2014– available at <http://www.cso.ie>

<sup>8</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>

<sup>9</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>10</sup> CSO (2016) Earnings and Labour Costs Quarterly – available at <http://www.cso.ie/en/releasesandpublications/er/elcq/earningsandlabourcostsq42015finalq12016preliminaryestimates/>

<sup>11</sup> See Written Response to PQ - <https://www.kildarestreet.com/wrans/?id=2016-05-17a.1537&s=%22State+pension%22+section%3Awrans#g1538.q>

<sup>12</sup> See Written Response to PQ - <https://www.kildarestreet.com/wrans/?id=2016-06-28a.817&s=%22Fuel+Allowance%22> and <https://www.kildarestreet.com/wrans/?id=2016-05-17a.1537&s=%22telephone+allowance%22+section%3Awrans#g1544.q>

## 5. Supporting older people to stay at home

Between 2004 and 2013 there was a 44 per cent increase in the number of older people living in nursing homes classified by the HSE as being 'low dependency'.

Increased investment in home and community supports would enable many of these people to stay at home longer. Not only is this a better outcome for the older people themselves, it would also help to reduce the cost of the Nursing Home Support Scheme.

Cuts to funding saw the budget for the home help service fall from €211 million in 2011 to €185 million last year. This remained the allocation up until 2016, when an additional €7 million was allocated.

In June 2016, additional funding of €40 million for home care was allocated. However, it is unclear at time of writing how this will be divided between spending on home help services, HCPs, IHCPs or to provide short-term HCPs to facilitate acute hospital discharge.

As illustrated in Table 4, home help hours and the number of recipients have fallen from 11.98 million in 2011 to 10.44 million in 2015.

**Table 4: Home help budget, number of hours and recipients**

	2011	2012	2013	2014	2015	2016
Budget (million)	€211	€185	€185	€185	€185	€192
Home Help Hours (million)	11.98	9.83	10.1m	10.3	10.3 (outrun 10.437m)	10.44
Recipients	50,986	45,705	46,249	47,500	47,795	47,800
Hours per week per person 65 and over	0.433	0.349	0.349	0.338	0.327	0.327

It is important to be clear that the cut in funding has created two linked problems for the home help service.

Firstly, the number of hours of home help support provided by the HSE has fallen so fewer people are getting home helps and waiting lists are increasing. In March 2016 there were 1,712 people on waiting lists who had been assessed as needing the home help service.

But linked to this, with fewer hours there has been a change in the type of service provided. Before 2011 a home help could assist with domestic tasks like shopping, meal preparation and so on.

But the cuts in funding mean this is no longer the case and so even when an individual can get home help support, the quality of that service has been downgraded.<sup>13</sup>

It is not enough to simply increase the number of home help hours without reversing the decline in the quality of the support being offered to older people.

### ***Home help services required to meet the needs of our older population in 2017***

According to a report by the Health Service Executive, approximately 10-11 per cent of people aged 65 years and over in Ireland require some form of home care.<sup>14</sup>

In 2016, 47,800 people aged 65 received home help. This is 14,618 people fewer than the 62,418 estimated to require home care (10 per cent of the population aged 65 and over in 2016).

In 2017, the projected population for people 65 and over is 643,985. Hence, using the HSE's own indicator, home help services should be available to 64,398 people aged 65 and over in 2017. This is an increase of 16,598 on the number currently in receipt of home help. However, as noted above, we also need to increase the quality of the service that is being provided. This can best be achieved by increasing the average number of hours per week per older person to its 2011 figure of 0.433.

To achieve the above, 14.5 million home help hours are needed in 2017. The estimated cost of the additional 4.1 million hours is €73.8 million<sup>15</sup>.

Age Action understands that this is a substantial investment, but research from Britain suggests that it has enormous potential to free up hospital beds and save money.

The Older People Projects (POPP) increased low-level supports to people aged 65 and over with low to moderate dependency. This reduced overnight hospital stays by 47 per cent and use of Accident & Emergency departments by 29 per cent. For every extra £1 spent on the POPP service, there has been approximately a £1.20 additional savings on emergency bed days<sup>16</sup>.

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<sup>13</sup> [https://www.ageaction.ie/sites/default/files/aa2c\\_asi2c\\_iasw\\_final\\_research\\_report-a4-report\\_lr\\_for\\_web\\_2.pdf](https://www.ageaction.ie/sites/default/files/aa2c_asi2c_iasw_final_research_report-a4-report_lr_for_web_2.pdf)

<sup>14</sup> <https://www.hse.ie/eng/services/publications/planningforhealth.pdf>

<sup>15</sup> In 2011, €211 million bought 11.98 million hours (cost per hour €17.61), in 2015 €185 million bought 10.3 million hours (cost per hour €17.96), 4.1 million hours @ €18= €73.8 million

<sup>16</sup> <http://www.pssru.ac.uk/pdf/rs053.pdf>

### ***Medical card prescription charges***

Prescription charges for medical card holders have gone up by 500 per cent since their introduction in 2009, to €2.50, with a monthly cap of €25. Research from the Longitudinal Study on Ageing (TILDA) found that 31 per cent of over 65s have five or more prescriptions, rising to 36 per cent in the over 75s.

In 2014, 23.4 per cent of all medical card prescriptions were for five or more items. Older people are more likely to require multiple prescriptions, which can cost up to €300 per year. This equates to well over a week's income for those solely reliant on the State Pension and places financial hardship on the sickest and least well off in our society.

#### **Recommendations:**

- **Increase home help hours and reverse the decline in the quality of the service by providing an additional 4.1 million hours to ensure a service that meets the diverse needs of a growing number of older people. [Cost: €73.8 million]<sup>17</sup>.**
- **Remove the prescription charge for medical card holders [Cost: €120 million].**

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<sup>17</sup> In 2011, €211 million bought 11.98 million hours (cost per hour €17.61), in 2015 €185 million bought 10.3 million hours (cost per hour €17.96), 4.1 million hours @ €18= €73.8 million.

## 6. Conclusion

Although the departments of health and of social protection are the ones most relevant to older people, there are also programmes and initiatives in the departments of Communications, Climate Action and Environment, Housing, Planning, Community and Local Government, Education and Skills, Foreign Affairs and Trade and Finance that provide services and supports for older people. Our recommendations to these departments can be found overleaf.

If you require any further information please do not hesitate to contact us at the details below.

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

## Appendix – Full list of recommendations for Budget 2017

### Department of Social Protection

1. Increase the weekly State Pension by €5 per week, in line with the commitment made in the Fine Gael manifesto, to continue to restore real value to this important payment and to build towards achieving the Government's objective of a State Pension set at 35 per cent of average weekly earnings [Cost: €130 million<sup>18</sup>].
2. Restore the full Telephone Allowance over the next two budgets. In Budget 2017 we recommend that the cut introduced in October 2013 is reversed with Budget 2018 reintroducing the full Telephone Allowance [Cost: €48 million<sup>19</sup>].
3. Increase the Living Alone Allowance by €3 per week [Cost: €30 million<sup>20</sup>].
4. Ensure the final 25 per cent of the Christmas Bonus is restored as a double-week payment for Christmas 2016 for all social welfare recipients [Cost €67 million<sup>21</sup>].
5. Restore the Bereavement Grant [Cost: €20.5 million<sup>22</sup>].
6. Begin to reverse the six weeks cut from the Fuel Allowance by extending the scheme by four weeks in Budget 2016 [€35 million<sup>23</sup>].
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 2017 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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<sup>18</sup> See Written Response to PQ - <https://www.kildarestreet.com/wrans/?id=2016-05-17a.1537&s=%22State+pension%22+section%3Awrans#g1538.q>

<sup>19</sup> See Written Response to PQ - <https://www.kildarestreet.com/wrans/?id=2016-05-17a.1537&s=%22telephone+allowance%22+section%3Awrans#g1544.q>

<sup>20</sup> See Written Response to PQ - <https://www.kildarestreet.com/wrans/?id=2016-06-28a.795&s=%22living+alone+allowance%22+section%3Awrans#g801.q>

<sup>21</sup> See Written Response to PQ - <https://www.kildarestreet.com/wrans/?id=2016-06-16a.424&s=%22CHRISTMAS+BO-NUS%22#g425.q>

<sup>22</sup> See Written Response to PQ - <https://www.kildarestreet.com/wrans/?id=2016-05-24a.732&s=%22bereave-ment+grant%22#g736.q>

<sup>23</sup> See Written Response to PQ - <https://www.kildarestreet.com/wrans/?id=2016-06-28a.817&s=%22Fuel+Allowance%22>

## Department of Health

9. Increase home help hours and reverse the decline in the quality of the service by providing an additional 4.1 million hours to ensure a service that meets the diverse needs of a growing number of older people. The estimated cost of this is €73.8 million<sup>24</sup>.
10. Provide an additional 1,062 Home Care Packages (HCPs) and double the average HCP hours provided from the current average of 8 hours per week to 15 hours per week to meet the assessed needs of older people. This will require a budget of €273 million in 2017, an increase of €100 million on the 2016 budget of €172 million (€132 million + €40 million allocated in June 2016). However, the implementation of this recommendation has the potential to save €64 million in the NHSS budget.
11. As a first step towards reinstating the over 70s medical card expand the range of services provided by the GP visit card to include prescriptions and the Community Ophthalmic Services Scheme, estimated to cost €36 million.
12. Amend the means test limits for the medical card to take into account the €3 increase in the State Pension introduced on 1 January 2016 and any increase in the State Pension this year, ensuring that no one loses their medical card because of an increase in the State Pension.
13. Remove the prescription charge for medical card holders with an estimated cost of €120 million.

## Department of Communications, Climate Action and Environment

14. In 2015, the Government allocated €540,000 to the Benefit Programme. We recommend that at least this level of funding is available in 2017 with a commitment to providing funding in subsequent years also.
15. The Government must commit to providing multi-annual funding under the new Benefit programme.
16. Funding allocations should recognise the benefits and additional costs associated with delivering computer training on a one-to-one basis.
17. It is imperative that older people continue to use their skills outside of the classroom. The Government must roll out a comprehensive broadband strategy in rural and urban areas.
18. Ensure the Strategy to Combat Energy continues to be adequately resourced and key actions implemented.

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<sup>24</sup> In 2011, €211 million bought 11.98 million hours (cost per hour €17.61), in 2015 €185 million bought 10.3 million hours (cost per hour €17.96), 4.1 million hours @ €18= €73.8 million.

19. Continue to support the three-year pilot deep retrofitting scheme targeting those experiencing energy poverty and health conditions. Build on the findings of the evaluation of this project and roll-out on a nationwide basis [Cost: €20 million over three years].
20. Continue to support innovative approaches to energy budgeting for low income groups, such as the Society of St Vincent de Paul's Stay Warm Savings Scheme.
21. Meet the promise of using revenue raised by the Carbon Tax to address energy poverty, which adheres to the original objective of the tax to be revenue-neutral.

### **Department of Housing, Planning, Community and Local Government**

22. Restore the Housing Aid for Older People budget to 2011 levels by increasing the total funding available under the scheme by €16 million<sup>26</sup>.
23. Reverse the changes introduced to the scheme in January 2014 to ensure better access to grants for disadvantaged older people.

### **Department of Education and Skills**

24. In order to increase participation rates in lifelong learning the department must commit to investing in this area. Funding should be at least doubled to reach the minimum lifelong learning participation target set by the European Commission and to achieve the goals around lifelong learning and social inclusion set out by the department.

### **Department of Foreign Affairs and Trade**

25. Commit to achieving the 0.7 per cent of GNP and implement the timetabled plan to achieve 0.59 per cent of GNP by 2021 outlined by Social Justice Ireland. As a first step provide an additional €94 million to overseas development assistance in Budget 2017 (0.42% of GNP) [Cost: €94 million].
26. Include ageing and older people in Irish Aid development policies and programmes and ensure data disaggregated by age is gathered in all of its programmes.

### **Department of Finance**

27. Introduce a waiver for the local property tax for those on incomes lower than €13,500 per year – i.e. those dependent solely on social transfers for their pension.

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<sup>26</sup> As per Minister Coveney's written answer to Deputy Murphy-O'Mahony's Dáil question on 12 July 2016.



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