



An Roinn Coimirce Sóisialaí Department of Social Protection

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Core welfare rates protected

Significant new spending on childcare and employment programmes

Minister for Social Protection Joan Burton, T.D. today (*Wednesday, 5th December*) said that the focus of the Social Welfare Budget 2013 is to maintain the weekly social welfare rates of payment. The rates for all core weekly payments will not change. Expenditure on social welfare payments and services will reach €20.8 billion this year and expenditure next year is expected to be €20.26 billion.

Minister Burton said: **“This is a very challenging Budget, in particular following the huge fiscal adjustments that have taken place in this country since 2008. My objective in making the expenditure reductions we are announcing today is to ensure that those in most need of the support of the Department of Social Protection are protected the most.**

“I hope it will come as a small relief that the adjustment I am announcing today is €150 million less than previously expected. This means that I am introducing savings measures of €390 million next year compared with the original figure of €540 million announced this time last year and, consequently, I have been able to protect core weekly social welfare rates of payment. These savings along with the savings realised by every Government Department are essential for the Government to deliver on radical reform for our economy, our country and its people.”

Minister Burton commented that it is vital to support jobseekers and lone parents in becoming job ready and she is providing an extra 10,000 work activation places for social welfare customers next year and over 6,000 new after-school childcare places. She said: **“I am pleased to have secured €30 million in new spending on employment programmes and childcare places. This investment is consistent with this government's priority of getting people back to work or getting them back to education or training so they will improve their chances of getting a job in the future. I hope that this programme will be progressive first step on the road to building a social protection system that will ultimately provide our citizens with better services.”**

The employment programme measures, which will cost €11 million are:

- increasing the number of JobBridge Internships by an additional 2,500 places at a cost of €2 million;
- providing an additional 2,500 Tús places, which will cost €4.6 million;
- the Community Employment Programme is to get 2,000 extra places at a cost of €2.96 million.
- in addition to these, €1.44 million will be made available for a new Local Authority Social Employment Scheme with 3,000 places.

Full details of these places will be available in early 2013.

Main Social Welfare elements in Budget 2013

Children and Families

Children Plus Initiative

Minister Burton has secured €18.5 million for childcare and child welfare provisions in 2013.

These comprise:

- €14 million per annum will be allocated to the Department of Children and Youth Affairs to fund a joint initiative that will provide over 6,000 afterschool childcare places for children in primary school and will be targeted at low-income families where the parents are availing of an employment opportunity. The provision will commence with a pilot scheme that will start in early 2013.
- An additional €2 million is being allocated to **school meals** programme to provide regular, nutritious food to disadvantaged children.
- €2.5 million in funding will be allocated to the Department of Children and Youth Affairs for its Area Based Child Poverty Initiative. This Initiative will be co-funded by the Department of Children and Youth Affairs and philanthropic partners for work on a number of key areas including child development, educational disadvantage, health, well-being and parenting.

Commenting on the Children Plus Initiatives, Minister Burton said: **“The childcare initiative, in particular, is part of the Government's overall strategy to support parents in low income families to take up employment. The additional funding of €14 million will build on existing supports including the Community Childcare Subvention Programme where afterschool places are provided at a subsidised rate.**

I am pleased we have been able to find €14 million to help kick-start this important initiative, which is a small step on the road to improving childcare services for people wishing to take up employment. This is funded directly from savings on Child Benefit and the Back to School Clothing and Footwear Allowance.”

The rate of Child Benefit will be reduced to €130 per month for each of the first, second and third children with effect from January 2013. The rate for the fourth and each subsequent child will be €140 per month from January 2013 as announced in Budget 2012. From January 2014, the rate for the fourth and each subsequent child will reduce to €130 per month.

The Back to School Clothing and Footwear Allowance will be reduced by €50 from €150 to €100 for children aged between 4 years and 11 years. It will be reduced by €50 from €250 to €200 for children aged 12 years to 17 years or aged 18 years to 22 years if in full-time education.

Explaining these changes, Minister Burton said: **“Child Benefit is a universal payment generally paid to mothers of all income levels. In line with commitments contained within the Programme for Government, I established the Advisory Group on Tax and Social Welfare last year. The Group has presented its report to me and I intend to publish this in the New Year. I have long been of the view that we should tax Child Benefit, but there are serious legal and constitutional difficulties associated with this move as it could result in a situation where married couples were taxed whereas unmarried couples might not be and leave any system of taxation of child benefit vulnerable to a constitutional challenge.**

“The issues involved are complex and require further consideration after the Budget. In the meantime, however, given the level of expenditure on Child Benefit – over €2 billion or 10% of all expenditure, it has not been possible to avoid some reductions in Child Benefit in this Budget.”

Older People

Older people will continue to get their State Pension at current levels. There are no changes to the Fuel Allowance, Free travel, Free Television Licence, Over 80 Allowance, Islander Allowance and the Living Alone Allowance. Their values are being maintained.

The value of the Telephone Allowance will be reduced. The new monthly rate of €9.50 will show as a credit on the customer’s bill or will be paid as a cash allowance.

The Electricity/Gas Allowance will be set at a single rate based on the average market rate across all suppliers currently available (for an unchanged 150 units per month). The new rate of €35 per month will show as a cash credit for those who receive a bill or be paid as a cash allowance.

Minister Burton said: **“As far as older people are concerned, I have long signaled that I would not reduce the pension and that I greatly value the Free Travel scheme, Free TV Licence scheme, Fuel Allowance and Living Alone Allowance. These are key elements of active citizenship for older people, connecting them to the wider world and helping them to enjoy a happy and comfortable retirement. These benefits remain unchanged.**

I have to reduce the spending on the Electricity/Gas Allowance. We will in future pay the best average market rate available. I want to encourage recipients to buy from the cheapest suppliers in the market where this is possible. The idea behind this reform is to get the best value for every cent that the Department contributes to the cost of heating homes.

I understand that these changes are painful for people who are struggling with the fallout from the economic crisis.

Carers

Carers will remain one of the few areas where the Department continues to make double payments in recognition of the valuable work that carers do so the half-rate Carer’s Allowance will continue to be paid to full-time carers who are also getting another social welfare payment. The weekly rates of Carer’s Allowance and Carer’s Benefit will also be maintained in 2013 and carers who are caring for more than one person will continue to retain the extra weekly payment that they receive. The Department will continue to pay the annual Respite Care Grant to carers, but this will now be at the reduced rate of €1,375.

Jobseekers

There will be changes to the Jobseeker’s Benefit scheme. From 3rd April next, the length of time during which people can avail of this scheme is being reduced from 12 months to 9 months for people with 260 or more PRSI contributions paid and from 9 months to 6 months for people with less than 260 PRSI contributions paid. Recipients of Jobseeker’s Benefit who, on the 3rd April 2013 have been receiving a payment for 6 months or more (or 3 months in the case of those with less than 260 contributions paid) will not be affected.

Minister Burton said: **“These changes reflect the increasing pressures on the financial position of the Social Insurance Fund which will have a deficit of €1.5 billion in 2013. It is important to state that the people affected by these changes can continue to access Jobseeker’s Allowance which is a means tested payment for jobseekers (and their families) with an income need.”**

Minister Burton is also intensifying fraud control measures in 2013. She said: **“It is imperative that taxpayers’ money goes to those who genuinely need to claim a social welfare payment and accordingly, I am strengthening the fraud control supports within my Department to ensure that those who are defrauding the Department are caught. We have a target of achieving savings of €60 million in this area in 2013.”**

PRSI Changes

From January 2013, the Employee’s PRSI-Free Allowance of €127 per week (for those paying PRSI Class A, E and H) and €26 per week (for those paying PRSI Class B, C and D) will be abolished. Employees who earn €352 or less per week continue to have no liability to make a PRSI contribution and are not affected by the abolition of the weekly PRSI-Free Allowance.

Currently, employees who pay PRSI at Classes B, C and D (a minority of the civil and public sector) are exempt from PRSI in respect of self-employed earned income (from a profession or trade) and any other unearned income e.g. rental income. This exemption will be abolished from next year and all such income will become liable to PRSI at the rate of 4%. In the following year (2014), the exemption from PRSI applying to all employees with unearned income only, will be abolished. Also, from next year, the minimum annual PRSI contribution for people with annual self-employed income over €5,000 will increase from €253 per annum to €500 per annum.

A number of other measures are also included in this year’s social welfare package:

- The employer rebate element of the statutory redundancy scheme will be discontinued with effect from January 2013. Currently, an employer who pays statutory redundancy payments to its employees is then entitled to a rebate of 15% of that payment from the State.
- For the purposes of the Farm Assist scheme, the rate assessment of means from self-employment, including farming, is being raised from 85% to 100%. The deductions from income for children are being discontinued (currently €127 per year for each of the first two dependent children and €190.50 per year for each subsequent child).
- The €300 Back to Education Allowance will be discontinued for new and existing participants
- New participants on the Back to Education Allowance who had been in receipt of a reduced rate of a qualifying payment because of means, will not have their Back to Education Allowance up-rated
- New participants on the Back to Education Allowance who had been in receipt of a reduced aged related rate of Jobseeker’s Allowance of €100 or €144 per week will receive €160 per week on their Back to Education Allowance per week. Previously, this had been €188 per week.

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