



Social Affairs Minister Unveils Eur1 Billion Spending Package For Welfare

Increases In Allowances, Pensions And Supports To Benefit Over 1.5 Million People: Special Recognition For Carers Minister Announces Changes To Schemes Following Review Of 2004 Estimates Measures

The Minister for Social Affairs, Séamus Brennan T.D., today (Wednesday, 1st December 2004) announced the details of a comprehensive package of social welfare measures that will deliver additional 2005 spending of over EUR 1 billion.

Significant increases in allowances, pensions and a range of other supports will directly benefit the 970,000 people who claim a weekly social welfare payment and, when their dependents are included, a total of more than 1.5 million people, or almost four out of every ten people in the State.

Minister Brennan said the increases, averaging over 8%, are more than three times higher than the expected rate of inflation in 2005. The total funding for social welfare, at EUR 12.25 billion in 2005, was the largest ever committed and is more than double the amount of spending in 1997. The total estimated spend on social welfare in 2004 is EUR 11.26 billion.

The Minister said that the Government was firmly on target to meet the commitment to deliver by 2007 a basic State pension of at least EUR 200 and achieve a rate of at least EUR 150 per week for the lowest rates of social welfare.

Minister Brennan today also published details of the decisions he has made following the conclusion of a review of specific adjustments that were announced in the 2004 Book of Estimates.



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The Minister said that as a result of the review, and discussions with the Social Partners and welfare interest groups, he had directed that many of the measures should be eased considerably and that these, and the other remaining measures, should be the subject of specific reviews.

The Minister said: "At the outset I gave a commitment to make appropriate changes to any of the measures where there were indicators of hardship. The changes that I have now directed should be implemented are a sympathetic response to indications that while hardship was not always evident, particular measures had created a climate of unnecessary anxiety, confusion and pressure among vulnerable sections in society".

Details of Review Outcome- Appendix A

On Budget 2005, Minister Brennan said it had delivered an extra EUR 874 million in welfare benefits and supports that would be primarily targeted at further assisting those who are most vulnerable, the less well off and disadvantaged and those suffering a disability and their carers.

The EUR 874 million was on top of the 1%, or EUR 98 million increase announced in the Book of Estimates two weeks ago, and also an additional EUR 19 million being transferred from this Department to the Department of the Environment and Local Government to fund a new rented housing scheme and EUR 12 million going to the Department of Community Rural and Gaeltacht Affairs for a special rural assistance programme.

Minister Brennan said: "The priority in this Budget has been to tackle disadvantage by substantially increasing rates and supports for those on lower incomes so as to close the gap with those on higher incomes. The EUR 14 increase on the lower rates will directly benefit over 550,000 people and will, in addition to other supports such as increases in Child Benefit, bring about significant improvements to the quality of life of those on lower incomes. This Budget also recognises the important role of carers in our society through a range of measures, including extending availability of the Respite Care Grant and increasing it to EUR 1,000.

The increasing of the means test disregard in respect savings from EUR 12,694 to EUR 20,000 will remove the anxiety of many welfare recipients, particularly old



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age pensioners, who were worried their SSIA's or other savings would directly impact on the value of their pensions."

Budget 2005 delivered substantial increases and improvements in welfare rates and supports, including:

- EUR 14 per week special increase for those in receipt of lower rates of payment.
- EUR 12 weekly increase in pensions resulting in new rates of between EUR 166 - EUR 179.
- Child Benefit rates rise by EUR 10 (lower) and EUR 12 (higher), increasing rates to EUR 141.60 & EUR 177.30. There has been a four fold increase in 10 years.
- Respite Care Grant increased by EUR 165 to EUR 1,000 and eligibility extended to include up to 10,000 additional carers.
- Introduction of a special new EUR 35 weekly personal payment to persons resident in institutional settings who are not receiving Disability Allowance.
- Highest ever increase in thresholds for Family Income Supplement with a rise of EUR 39 per week.
- Capital means assessment for welfare recipients eased-first EUR 20,000 of savings to be disregarded.
- Increase Maternity Benefit from 70% to 75% of reckonable earnings.
- Increase of EUR 14 per week to EUR 165.60 in the minimum rate of Maternity Benefit and Adoptive Benefit.

MAIN FEATURES OF BUDGET 2005

Delivering Income Support and Fighting Child and Family Poverty

Personal Rates of Payment

A minimum increase of EUR 12 a week for all pensioners aged 66 or over (65 in the case of Retirement and Invalidity Pension). Increase will benefit some 278,000 pensioners on full rates, with proportionate increases for a further 122,000. Some 390,000 pensioners in total will benefit from these increases. The EUR 14 per week increase in lower rates of payment will directly benefit more than 550,000 recipients, including those entitled to Disability Allowance, Disability Benefit, One Parent Family Payment, Unemployment Assistance, Unemployment Benefit, Widow/ers's Pension, Maternity benefit and Farm Assist.



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Qualified Adult Allowances (QAA's) will be increased by EUR 9.30 per week for Old Age (Contributory), Retirement and Invalidation Pensions, aged over 66 years and Blind Pension (under 66 years), and by EUR 8 per week where the qualified adult is aged under 66. Other increases include EUR 7.90 per week for Old Age (Non-Contributory) Pension and for Blind pension (over 66 years): EUR 10 per week for Invalidation Pension (aged under 66) and EUR 9.30 per week for all other QAA payments.

Child Benefit will be increased by EUR 10 per month for each of the first and second children to EUR 141.60 per month, and by EUR 12 per month for each of the third and subsequent children to EUR 177.30 per month, effective from April 2005. The higher increases where there are three or more children are in recognition of the fact that larger families are most at risk of poverty. Child Benefit is paid to 520,000 families in respect of over 1 million children.

Increase the income thresholds for entitlement to half-rate Child Dependant Allowance with Unemployment Benefit, Disability Benefit and related benefits by EUR 50 to EUR 350 per week. This increase will benefit approximately 4,600 families.

Family Income Supplement (FIS) weekly income thresholds to be increased by EUR 39. It is estimated that a total of 14,000 families will benefit by up to EUR 23.40 per week and that 2,600 additional families will become eligible for a FIS payment.

One Parent Family Payments recipients to receive transitional half rate payment for six months. This means that a lone parent may earn up to EUR 293 per week and still retain entitlement to a level of payment.

The additional EUR 2 million funding for expansion of the Family and Resource Centre Programme will allow for start-up awards to 12 new FRC projects and a range of once-off grants.

Two streams of additional funding for the Money Advice and Budgeting Service. EUR 700,000 will be committed to develop more innovative ways of tackling over-indebtedness: EUR 300,000 to develop a specialist fully automated payment system. There are approximately 13,000 people using the MABS at any one time.



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The increase of EUR 600, 000 in grants for Marriage/Family Counselling will allow for a general increase in award payments to organisations. In 2004, some 535 organisations benefited under the scheme.

Additional sum of EUR 100,000 provides for further development of programmes that includes increasing awareness of anti-poverty policies.

Supporting Carer's

Increase the Respite Care Grant by EUR 165, from EUR 835 to EUR 1,000. The award for those providing care for more than one person will increase from EUR 1,670 to EUR 2,000. This measure will benefit approximately 32,800 carers, including those who may not be entitled to Carer's Allowance or Carer's Benefit.

Extending the Respite Care Grant to all eligible carers who are providing full time care and attention to an older person or a person with a disability will directly benefit over 9,000 carers who are not currently in receipt of Carer's Allowance or Carer's Benefit. Overall, 32,800 full time carers will receive the respite award.

In recognition of the particular challenges which are faced by those carers who are providing care for three or more people, the Respite Care Grant will be paid in respect of each care recipient. It is estimated that this measure will benefit approximately 400 carers.

Increasing the income disregards for Carer's Allowance by EUR 20 and EUR 40 will raise the permitted income levels for a single person to EUR 270 and EUR 540 for a couple. It is estimated the changes will result in an additional 1,000 new carers qualifying for payment and 2,400 existing carers receiving an increase in their weekly payment.

Increase the weekly earnings limit from EUR 150 to EUR 270 for Carer's Benefit recipients who work for up to 10 hours per week outside the home. This measure will allow all Carer's Benefit recipients to engage in employment and self-employment and to maintain contact with the labour market if they so wish.

The abolition of the '3 months in employment' condition for Carer's Benefit applicants will simplify the qualifying conditions of the scheme and make it more flexible and accessible.



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Responding to Disability

Introduction of a special new EUR 35 weekly personal payment to persons resident in institutional settings who are not receiving Disability Allowance. It is estimated that approximately 2,400 people will benefit.

Extend entitlement to full Disability Benefit to claimants transferring from Long Term Unemployment Assistance who have a total of 260 contributions paid. This will significantly ease the situation for those people who are required to visit their doctor and Community Welfare Officer on a weekly basis in order to obtain their entitlements.

EUR 1m in special funding to enable Comhairle to begin work on the setting up of a personal advocacy service for people with disabilities.

Extending the Smokeless Fuel Allowance to Injury Benefit customers will directly benefit approximately 650 persons during each fuel season.

Extension of entitlements to full rate Injury Benefit to persons also in receipt of Disablement Benefit.

Allow a choice of using either of the two previous Relevant Tax Years to satisfy contribution conditions for receipt of Disability Benefit immediately following payment of Occupational Injury Benefit.

Assessment of Capital

Increase the amount of capital disregarded for the means test purpose for all schemes (except SWA) from EUR 12,694 to EUR 20,000. This measure is designed to ensure that social welfare means testing arrangements do not act as a disincentive to claimants who want to save or to penalise those who have been regular savers in the past. The new measure applies to all capital regardless of where it is held, be it in an SSIA, Credit Union, An Post, bank or any other financial institution. The new arrangements will mean that a single non-contributory pensioner can have savings of up to EUR 27,600 and still qualify for a pension at the maximum rate. This figure is doubled in the case of a pensioner couple.



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Rent Supports

Amending criteria to ensure that people who have a short-term income need, such as people who become ill or unemployed, or are assessed by a local authority as having a housing need are not disadvantaged.

Increase the part-time earnings disregard for entitlements to Rent and Mortgage Interest Supplement by EUR 10 to EUR 60 per week. Approximately 3,000 recipients will benefit from this measure.

Rent Supplement to continue in payment unless third offer of local authority accommodation refused.

ENDS



**APPENDIX A
2004 MEASURES / 2005 MEASURES**

1. **2004:** The qualifying period for Back to Education Allowance (BTEA) will be increased from 6 months to 15 months in respect of the Third Level Option.
2005: Amended. Qualifying period reduced from 15 months to 12 months. In addition, cost of Education Allowance increased 58% from €254 to €400.
2. **2004:** The transitional half rate payment for lone parents is to be discontinued where a recipient of One Parent Family Payment takes up employment where earnings are in excess of the upper threshold of €293 per week.
2005: Amended. One Parent Family Payments recipients to receive transitional half-rate payment for 6 months where income exceeds €293 per week.
3. **2004:** The minimum contribution all recipients of Supplementary Welfare Allowance Rent/Mortgage Supplement are required to make towards their accommodation will be increased by €1 per week to €13 per week.
2005: No change and no further increase. Measure to be kept under ongoing review.
4. **2004:** Supplementary Welfare Allowance (SWA) is not payable to people in full-time employment. In future, if one of a couple is in full time employment, both are excluded from claiming rent/mortgage supplement.
2005: Referred for review to the Social Partners.
5. **2004:** One of the conditions for receipt of Rent Supplement is that the tenant must be in need of accommodation and is unable to provide for it from his own resources. For the most part, Health Boards decide whether an applicant for Rent Supplement is in need of accommodation without reference to the local authority. In future claimants for Rent Supplement will be referred to the Local Authority for an assessment of housing need in a more systematic manner.
2005: Amended subject to consultations with the Department of Environment and Local Government. This measure was needed mainly to ensure that Rent Supplements are paid in appropriate circumstances, in accordance with established policy and taking account of the objectives of the SWA scheme, which focus on meeting immediate, short-term need, rather than long-term housing need. Particular care is taken to ensure that the interests of vulnerable groups, such as the homeless, the elderly, people with disabilities and those on Unemployment Benefit were fully protected in the course of implementing these measures.
6. **2004:** Health Boards will be given the power to refuse rent supplement in cases where the applicant has not already been renting for a period of six months, with provisions for exceptions in relation to people who are homeless or where there are other compelling reasons.
2005: Amended. The six-month and other criteria to ensure that people who have a short-term income need, such as people who become ill or unemployed, or are assessed by a local authority as having a housing need are not disadvantaged.



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7. **2004:** Rent Supplement will no longer be paid to people who refuse offers of local authority accommodation or to people who leave local authority accommodation without reasonable cause.
2005: Amended. Rent Supplement to continue in payment unless third offer of local authority accommodation refused.
8. **2004:** A supplement given to recipients of Supplementary Welfare Allowance who have been supported by the MABS in brokering a deal with creditors will be discontinued.
2005: Replaced. Allocation of special funding of €700,000 to MABS to develop additional and innovative services to directly tackle over-indebtedness and the financial and emotional stress it causes families.
9. **2004:** As a result of state expenditure on crèche care and increased Child Benefit payments, the crèche supplement will be discontinued.
2005: Amended. Continuation of funding for existing crèche supplement recipients and their community crèches, and funding of new cases referred by Health Sector Personal Social Services Professionals.
10. **2004:** The diet supplement, which has become outdated in the context of increases in welfare payments in the past number of years, is being phased out over a number of years.
2005: Amended. Restore payments on basis of new revised diet costs. Report on adequacy and application of Diet Supplement by the Irish Nutrition and Dietetic Institute has been commissioned by the Department. .
11. **2004:** The entitlement to half-rate child dependant allowance (CDA) in respect of Unemployment Benefit and Disability Benefit claims will be discontinued where the claimant's spouse/partner has gross weekly income in excess of €300. This measure directs the current resources towards families at the lower income level.
2005: Amended. Increase the income threshold for entitlement to half-rate Child Dependancy Allowance with Unemployment Benefit, Disability Benefit, Injury Benefit and Health & Safety Benefit by €50 to €350 per week.
12. **2004:** The current weekly earnings threshold for the purposes of payment of reduced rates of Disability and Unemployment Benefit are being increased from €88.88 to €150. The present thresholds have not been updated since 1993 and consequently now represent a serious disincentive to employment.
2005: No change at present. Will remain under review.
13. **2004:** Entitlement for new claimants to half-rate payment of Disability Benefits and Unemployment Benefits where recipient is already in receipt of Widow/Widowers Pensions or One Parent Family Payments will be discontinued.
Already amended.
14. **2004:** Increase the underlying number of paid contributions required from 39 since first entering insurance to 52 for entitlement to Disability, Unemployment and Health and Safety Benefit. This measure is designed to more closely relate the contribution conditions for those benefits to the level and duration of the benefits being provided.



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2005: No change. This was designed to ensure that entitlement to DB and UB requires a reasonable degree of attachment to the workforce. Will continue to be reviewed.

15. **2004:** An increase in the period where claims for Unemployment Benefit and Disability Benefit are linked with a previous claim from 13 weeks to 26 weeks.

2005: No change. Will continue to remain under review. A key component of the administration of the benefit system is the concept of continuity in a claim and the notion of "linked claims" is a key component of how this operates in practice. Currently, where a person makes a UB or DB claim within 26 weeks of the end of a previous claim, both claims may be linked.

16. **2004:** The maximum duration of Unemployment Benefit will be reduced from 390 days to 312 days where a person has less than 260 PRSI contributions paid since first entering employment. This measure recognises a longer, sustained employment record by more favourable treatment in terms of subsequent entitlements.

2005: No change at present. Will remain under review. The effect of this measure was to restrict payment of Unemployment Benefit to 312 days (one year) where the person has less than 260 (five years) paid PRSI contributions. In terms of short-term Social Insurance cover, this provision recognises a longer, sustained employment record by more favourable treatment in terms of subsequent entitlements. In qualified cases, Unemployment Assistance may be available.

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