



Largest Ever Welfare Budget Package Of €1.4 Billion Brings Total Spend In 2007 To Over €15 Billion

Three Major Reforms Targeted At Alleviating Child Poverty, Supporting Carers And Increasing Pensioners Incomes Announced

More Than 1.5 Million People To Benefit As Lower Rates Increased By €20 And Pensions Climb To €209

The Minister for Social Affairs, Séamus Brennan T.D., today unveiled details of the largest ever welfare Budget package with an increase of over €1.4 billion - €300 million more than last year - bringing the total spend in 2007 on significantly improved entitlements, supports and allowances to more than €15.3 billion, or €1 in every €3 of day to day spending by the State.

The historically high package includes an increase of €20 for more than 565,000 recipients of lower welfare rates and delivers on the Government commitment to bring State pensions to €200 per week with the Contributory pension increasing to over €209 and an increase of €18 raising the Non-Contributory pension to €200. In total, over 400,000 pensioners will benefit from the increases.

The substantial across the board increases, representing rises of up to three times the expected rate of inflation, will directly benefit some 1 million people, including pensioners, low income and welfare families, carers and those with disabilities, and when their dependants are included, a total of more than 1.5 million men, women and children.



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A major feature of the welfare Budget package is a number of significant fundamental reforms of social policy shaped and targeted directly at tackling remaining child poverty numbers, supporting carers through increased incomes and supports, increasing the status and incomes of women pensioners and enhancing the incomes of older people.

Specific reform measures, backed up by substantial Budget investments, include:

- Combining three levels of Child Dependant Allowances payments into a new single high rate Qualified Child Allowance of €22 per week, in addition to the Child Benefit increase of €10, for over 340,000 children of welfare families.
- **For Carers, the introduction for the first time of an entitlement to retain a full social welfare payment-which abolishes the rule that forbids two welfare payments - and to receive, in addition, up to a half rate Carers Allowance, a measure that will boost the income of an estimated 18, 000 by up to €109 per week.**
- A €60 million commitment to bringing some 35,500 Qualified Adults (QAA's) to the level of the State Pension (Non-Contributory) within three years, starting in 2007 with a first year increase of over €23, and pension QAA's to receive payment in their own right that will be paid directly to them.

Minister Brennan said: "These three major structural reforms, when taken with a number of other reforms and changes that are being implemented or progressed, particularly in the areas of Lone Parents, and pensions, contribute greatly to the overall policy reform agenda that I have been pursuing for the last two years. These reforms on child poverty, Carers, womens' incomes and pensions, are about more than just increasing incomes. They are important and necessary structural reforms that create changes and open up opportunities. We are making steady progress on bringing about fundamental welfare policy changes and I am determined that we will continue to press ahead with these and other necessary changes."



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Child Poverty Measures

Minister Brennan said that the targeted investment of €60 million in a new single high rate Qualified Child Allowance was, when combined with other substantial increases in child support, a determined drive against remaining child poverty. "I am committed to an even stronger and more focused campaign in an all out commitment to end child poverty in 21st century Ireland. In recent years we have lifted more than 100,000 children out of poverty and now we must strive to complete the task. I have long held the view that implementing a second tier of payment for children in low income and welfare families is the most effective method of tackling child poverty. I see this improved and targeted allowance as representing a substantial move in that direction and that is why in this Budget I have deliberately taken the decision to focus increased child supports in this area".

The Budget package includes a number of other significant increases and improvements, including-

- Overall investment of over €240 million
- €140 million Child Benefit package with increases of €10 - bringing new rates to €160 and €195 per month - for 560,000 families in respect of over 1.1 million children.
- Increasing Family Income Supplement (FIS) income threshold by up to €185 per week which will add from €9 to €111 to weekly income of families on the support for employees on low income with children.
- A 50% increase in the Back to School Clothing and Footwear Allowance which increases the lower rate (children aged 2 to 11 years) by €60 to €180 and the high rate (children aged 12 to 22 years) by €95 to €285. An estimated 172,000 children will benefit from the allowance in 2006.
- Raising the allocation for the School Meals Scheme by €3 million to over €16 million to allow for an expansion in number of schools participating.

Recognising Carers

Minister Brennan said that more than €100 million was being invested in support packages and reforms for carers, the most significant of which was the reform opening the way for payment of a half rate Carers Allowance on top of



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the entitlement to a full welfare payment. Minister Brennan said: "Abolishing the old rule that you cannot get two welfare payments means that for the first time people who are caring can have some real recognition of their caring duties. It means under this new dual payment system we will be starting to recognise the Carers Allowance less as a welfare payment and more as a support for caring duties. I consider this reform to be an important step forward and I am now determined to press ahead with other needed reforms in the caring area."

Other Budget funding and support initiatives for Carers include:

- Respite Care Grant increased by €300 to €1,500 which will benefit almost 40,000 carers.
- Increases of €18 and €20 in rate of Carers Allowance and Carers Benefit.
- **Means test for Carers Allowance eased with increasing of income disregard by €30 to €320 per week for single person and by €60 to €640 for a couple.**
- Earnings threshold for Carers Benefit increased €30 to €320 per week.
- €500,000 in grants for Carers Associations.

Pensions Reforms

Minister Brennan said the €60 million commitment to bringing over 35,000 pensioner Qualified Adults (QAA's) to the level of State pension (Non-Contributory) within three years - supported in Budget with a first year special increase of over €23 - was an important step forward in his commitment to ensure that the welfare code is fairer to women.

"As most Qualified Adults (formerly Qualified Dependant Allowance) are women today's decision will be of enormous benefit to them as it will, in most cases, transform the QAA into what in effect is a woman's pension in her own right, as different to being a dependant. I have also taken a decision to include in the upcoming Social Welfare Bill the decision to have the payment made directly to the QAA which in the vast majority of cases is a woman."



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Supporting Older People

Minister Brennan said his commitment to increasing incomes for older people was reflected in the increases that have taken the State pensions to €200 for Non-Contributory pensioners and to over €209 for Contributory recipients. Overall increases will benefit more than 400,000 pensioners.

Other supports and measures:

- The allowed employment earnings for Non-Contributory pensioners has been doubled to €200 per week.
- Means disregard for State Pension (Non Contributory) increased by €10 per week to €30-benefiting nearly 26,000 pensioners on reduced rates.
- In further improvements to the Free Travel scheme, Companion Free Travel Passes have been extended for 66 to 74 year olds.
- The Telephone Allowance Scheme will, from early next year, give pensioners the option of having a mobile phone instead of a fixed landline.

Fuel and Energy Relief

As a direct response to anxieties amongst some pensioners and other welfare recipients over fuel and energy costs, the Fuel Allowance, which benefits some 274,000 households, has been increased by €4 per week to €18, which represents a doubling of the allowance in just two years. This is in addition to over €50 million already set aside to protect pensioners and other vulnerable people from electricity and gas price rises.

Further Budget increases and improvements include:

- Full Disability Allowance extended to all resident in institutions.
- Funding for personal advocacy service for those with disabilities.
- Disability Allowance capital disregard increased by €30,000



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- Weekly earnings threshold increased to €350 and new payment rate of €280 per week for Maternity & Adoptive Benefit
- Widowed Parent Grant increases by EUR1,300 to EUR4,000.
- Bereavement Grant up by EUR215 to EUR830
- Increased upper income threshold for entitlement to One-Parent Family Payment by €25, from €375 to €400 per week
- Provide for credited contributions for recipients of One-Parent Family Payment who take time off work following the birth of a child
- Introduction of a daily earnings disregard of €20 per day, for up to 3 days per week, for Jobseeker's Allowance and Farm Assist recipients with children
- Increased daily earnings disregard of €7.30, from €12.70 to €20 for Jobseeker's Allowance and Farm Assist recipients without children
- Reform the assessment of spouse's earnings for Jobseeker's Allowance/PRETA /Disability Allowance/Farm Assist recipients so as to reward work
- Recipients of Rent Supplement, who are on a Local Authority housing list under the Rent Accommodation Scheme, may take up full time employment and remain eligible for Rent Supplement
- Increased Rent Supplement household income disregard applicable to those
 - taking up part-time employment
 - availing of an employment opportunity
 - in receipt of a maintenance paymentof 50% of any additional income up to €200 per week, subject to a minimum disregard of €75
- Increased capital disregard for entitlement to Rent or Mortgage Interest Supplement and Supplementary Welfare Allowance from €520 to €5,000 and reform assessment in line with that of other schemes
- Entitlement extended to those who are in receipt of Jobseeker's Allowance for 2 years or more at a weekly rate of less than €50.79 (single) or €78.72 (couple)
- Reduced qualifying period from 3 to 2 years in respect of Illness Benefit recipients



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- Extend immediate entitlement to people made redundant provided they have an entitlement to statutory redundancy and are entitled to a social welfare payment
- Extend entitlement to a €32 per week Out of Pocket Expenses payment to all those participating in the Education, Training & Development option of the Back To Education Programme
- Raised redundancy payment threshold by €31,054 to €50,000 for disqualification to entitlement to Jobseeker's Benefit for up to 9 weeks
- Enable recipients of Carer's Allowance or Benefit who previously received Illness or Jobseeker's Benefit to revert to that payment at the same rate as previously paid if more beneficial to them
- Enable those in receipt of Illness Benefit for 2 years, and who subsequently undertake employment of less than 26 weeks duration, to return to Illness Benefit entitlement at the same rate as previously paid
- Payment of maximum personal rate subject to contribution conditions where the annual income does not exceed €20,000
- Introduce a transitional payment of half rate Deserted Wife's Benefit for 6 months where a recipient's annual income exceeds €20,000
- Threshold for payment of 2% Health Contribution increased from €440 to €480 per week and the annual threshold increased from €22,880 to €24,960
- Threshold for employee PRSI increased from €300 to €339 per week
- Introduction of an additional 0.5% Health Contribution on earnings over €100,100 per annum
- Earnings ceiling for PRSI increased by €2,200 from €46,600 to €48,800
- People on Farm Assist to be permitted to make PRSI contributions

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