



Pensioners and vulnerable children protected despite Budget cuts – Hanafin

“Over €21 billion will be required to fund all social welfare schemes in the coming year. This still represents an increase of over €670 million on the expected final expenditure on social welfare in 2009.

In this Budget, the Government has avoided any cuts in the State pension and has fully protected more than 420,000 children in welfare dependent and low income families from cuts in Child Benefit. While prices are now back to February 2007 levels, the lowest rate of payment next year for those between aged 25 and 66 will be **€10 higher than in 2007**” said Mary Hanafin T.D., Minister for Social and Family Affairs today (9th December 2009).

Pensioners protected from cutbacks

Weekly rates of payments to pensioners (those 66 and over) are not being reduced in the coming year, neither are other supports such as the Household Benefits package which includes the free TV licence, electricity/gas allowance and telephone allowance. The Living Alone and Over 80 allowances are also retained at existing levels. Next year nearly €4.53 billion will be available to support over 400,000 pensioners.

Free Travel scheme will continue to be available for all categories of customers who are eligible under relevant schemes. The estimated combined cost of the Household Benefits and Free Travel scheme will be over €480 million in 2010. **Fuel Allowance** will continue at the same €20 weekly rate and for the same 32 weeks as this year for all recipients.

New lower weekly rates for under 66 year olds

New rates of payment will come into effect next year for all categories of welfare recipients who are under 66 years of age. Rates are being reduced by between 3.5% and 4.2%, which equates to a reduction of €8.30 on the basic rate. Minister Hanafin said that **“additional payments such as the Half Rate Carers Allowance, Half Rate Jobseekers and Illness payments have all been retained. Other supports such as the non means tested Respite Care Grant worth an additional €1,700 annually for Carers will also continue to be paid next year.”**



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Child Benefit

Child benefit rates are being reduced by €16 per child per month, giving new monthly rates of **€150 for each of the 1st and 2nd children** and **€187 for 3rd and subsequent children**. Minister Hanafin said **“families with children who are dependent on social welfare will be fully compensated for the reduction in Child Benefit with a €3.80 weekly increase in the Qualified Child Increase – rising from €26 to €29.80 per week for each child. Low income families who are working and in receipt of Family Income Supplement (FIS) will also be compensated, through an increase of €6 per child per week in the income thresholds. This will increase FIS payments by an average €4 per child per week. The Back to School Clothing and Footwear Allowance paid at the rate of €200 or €305 per child has also been retained unchanged.”**

Domiciliary Care Allowance which is paid to help parents or guardians of a severely disabled or ill child who is under 16 years of age and needs extra care remains unchanged at €309.50 per month.

Over €2.2 billion is provided next year for Child Benefit payments to help over 600,000 families with child related costs for 1.1 million children throughout the country.

Minister Hanafin said that in making €762 million savings in the coming year **“very difficult decisions had to be made. In looking at the rate reductions which have to be introduced, account has to be taken of the increases given in the 2009 Budget and the cost of living decreases which have been a factor for the past year. Prices are now expected to drop by an average of 4.4% over 2009 as a whole and continuing deflation is also projected for the coming year.”**

Tackling Fraud

€533 million is being targeted for savings in fraud and control across all of the Department's 50 schemes for 2010. This is an increase of €33.3m on the level of control savings planned for 2010 in the Pre Budget Outlook and is an increase on the levels of savings expected to be achieved by the end of 2009.

It also takes account of the following new anti-fraud powers which will be included in the Social Welfare Bill being published today:



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- Provision for bulk exchange of information with other countries about people who are in receipt of welfare payments.
- Giving Social Welfare Inspectors and Customs Officers the powers to stop vehicles and question occupants where they suspect welfare fraud, without having to be accompanied by a member of the Garda Síochána.
- Giving the Department of Social and Family Affairs the power to attain information from financial institutions about individuals who are suspected of being involved in welfare fraud.

New Employer Job PRSI Incentive Scheme

A new Jobs stimulus measure is being introduced in 2010. Under the **Employer Jobs (PRSI) Incentive Scheme**, where an employer creates a new job and takes on a person who has been unemployed for 6 months or more, the employer will be fully exempted from the liability to pay PRSI for the first year of that employment. This will give employers an 8%-10% saving on employment costs for each new job created. Full details will be announced early in 2010.

Incentivised scheme for new Jobseekers Allowance claimants aged 18-24

The dual rate of payment for 18 and 19 year olds which was introduced in April 2009, is being extended on the same basis to 20 and 21 year olds. Under the incentivised scheme those participating in a recognised education or training course will be eligible for the full rate of Jobseekers Allowance/Supplementary Welfare Allowance - €196 per week - otherwise they will only qualify for the reduced rate of €100. The rate for new Jobseekers Allowance claimants aged 22-24 inclusive will be €150 per week from January, unless they participate in education or training. This measure will only apply to new claimants. It will not affect those who have enough PRSI contributions to qualify for Jobseekers Benefit. It will also include the same exceptions as applied to 20-21, such as payment of the full rate for young people with dependent children.

Reduced payments to people who unreasonably refuse offers of work, training or education

Jobseekers under age 66 who refuse a job offer, work placement or offer of a course will have their Jobseekers Allowance/Supplementary Welfare Allowance personal rate reduced to €150 per week. Further details of this measure will be published in the Social Welfare Bill 2010.



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In 2010 over €12.4 billion is being provided in various supports for those under 66 years of age who are in receipt of payments such as Jobseekers, Illness and Disability supports, One Parent Family Payment Widows and Carers. Even when the changes in the Budget are taken into account, expenditure next year will be some 3% or over €600 million greater than this year.

Rent Supplement

Rents in the private rented sector have fallen since limits for Rent Supplement were reviewed last April. . Revised lower rent limits will apply to new applicants and to existing recipients whose lease is renewed after April 2010. It is expected that savings of €20 million will arise in this area in 2010.

Treatment Benefit Schemes to be limited in 2010

The Treatment Benefit scheme will be limited in 2010 to free dental and optical examinations and the Medical and Surgical Appliances scheme only. This will deliver savings of €54 million in 2010.

No cut in funding for Family Resource Centres or FSA Programmes

Funding of €33.7 million will be provided to the Family Support Agency for the continuation of programmes such as Family Mediation and Counselling and for the protection of the current 107 Family Resource Centres around the country. There will be a reduction of €2m in allocation to the FSA as it is not planned to increase the number of Family Resource Centres or to increase the staffing complement of the existing centres. This will also entail a consequent restructuring of the regional supports provided to FRCs.

Minister Hanafin concluded by saying **“This Government is proud to have been able to deliver such significant increases in welfare payments when the resources were available. However, in the current economic environment, we simply cannot afford to keep spending at the same level as we did when our tax revenue was much higher. If the Government doesn't take steps now to reduce overall public expenditure and restore stability to the public finances, we risk making the economic situation far worse for everyone - including welfare recipients - in the long term.**

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than 420,000 children in welfare dependent and low income families from cuts in Child Benefit. While prices are now back to February 2007 levels, we have also ensured that the lowest rate of payment next year for those between aged 25 and 66 will be €10 higher than in 2007” said Minister Hanafin.

More details of rates etc in Budget Factsheet - www.welfare.ie

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