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Department of Social Protection
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Measures of Social Welfare Bill 2012 are needed to bring country back to fiscal and economic sustainability – Minister Burton

As the Committee Stage of the Social Welfare Bill 2012 is discussed in Dáil Éireann today (Wednesday, 12th December, 2012), Minister Joan Burton, T.D. said that the measures of the Social Welfare element of the Budget are needed to bring the country back to fiscal and economic sustainability.

The Minister said: "**Our twin objectives in this Budget have been to ensure that those in most need of the support of the Department of Social Protection are protected the most and that the Department does everything it can to get people back to work. That is why we are transforming the Department from being a mere provider of income support to an effective and engaged public employment service that assists people on the live register or otherwise far from the labour market to start their progression back to work, training or a job placement. That is why we will be providing 10,000 new places on employment schemes next year and opening many new Intreo offices.**" Four Intreo offices have been established this year with a further six offices to be rolled out by end of the year – Buncrana, Ballymun, Coolock, Finglas, Killarney and Dundalk. The full Intreo service will be rolled out to all the Department's offices nationwide by the end of 2014.

Minister Burton criticised the main party of the previous Government for what she described as its "**utter failure to introduce any meaningful reforms to the social welfare system to encourage work were highlighted today in the ESRI research on jobless households.**" Minister Burton referred to the findings of an ESRI report 'Work and Poverty in Ireland, 2004 – 2012' which was published yesterday. The report found that between 2004 and 2007 – at the height of the boom - the share of households defined as jobless recorded a double-digit increase to reach 15 per cent of the total. The average across the euro zone in 2007 was just below 10 per cent.

Minister Burton was critical of the approach taken by the main party in the previous Government during its term of office. She said: "**There was no problem to which the solution was not to spend more money. So instead of introducing the kind of reforms that were brought into other European countries to change from passive to active welfare states, including job search assistance, education, training and skill development and work support services like childcare, its only solution was to write them a cheque."**

The Minister spoke of the current Government's ambition for the country's citizens who have lost their jobs or who have not been fortunate enough to ever find work. This Government, she said views each and every individual on the live register or otherwise distant from the labour market as an untapped resource and a future employee who will participate in the rebuilding of this country and its economic recovery. **"That ambition is why we are moving from a passive to an active welfare state"**, she added.
The age reductions in the One-Parent Family Payment which were due to apply from the beginning of 2013 and 2014 are being deferred to the beginning of July in each of those years. In addition, the period over which the transitional arrangements applying to existing recipients are to apply, will be extended from the end of 2014 to the beginning of July 2015. This change, which is introduced by way of a Committee Stage amendment to the Bill, will provide more time for the creation of additional childcare places, as promised by Minister Burton last year.
One of the measures of the Bill relates to the amount that the Department of Social Protection can deduct from overpayments. The Minister said that she was determined to tackle fraud and abuse of the Social Welfare system:
"Today, I am introducing measures to enable the Department to recover overpayments quicker from those who have incurred them. At present payments are frequently made at a level of €2 per week, which means in reality that some overpayments take years to repay, if indeed, they are ever repaid. The Bill provides that up to 15% of the personal rate can be withheld to repay an overpayment. As well as providing savings, this measure will send a strong message that there is an obligation to return money owing to the Exchequer".
The Minister acknowledged that while all overpayments must be repaid, including those that arise because of the Departmental error, it is not her intention that people will face hardship as a result of these new arrangements. Minister Burton confirmed that the particular circumstances of each case will be considered before the repayment amount is determined. However, in the case of those found guilty in court of having deliberately defrauded the taxpayer by abusing the social welfare system, the Minister said that she regards **"the 15% limit on deduction to be very reasonable in those circumstances".**

In addition to these provisions, measures to tackle fraud and control will be intensified with effect from next January that will yield savings of €60 million in 2013.

The Social Welfare Bill also gives effect to a number of the social welfare measures announced in the Budget last week, including –

- A reduction in the duration of Jobseeker's Benefit from 12 months to 9 months for those who have paid PRSI contributions for at least 5 years and from 9 months to 6 months for those who have paid PRSI contributions for less than 5 years. These measures come into effect on April 3rd 2013. Claimants getting Jobseeker's Benefit for 6 months or more (or 3 months in the case of those with less than 5 years contributions paid) on April 3rd will not be affected;
- Amount of the annual Respite Care Grant will be reduced from €1,700 to €1,375. The new rate will apply to all claimants who qualify for the annual Respite Care Grant in June 2013 and in each subsequent year;
- The monthly rate of Child Benefit will be reduced to €130 in respect of each of the first, second and third child and €140 for the fourth and each subsequent child from January 2013. The rate will be reduced to €130 in respect of the fourth and each subsequent child from January 2014;
- The weekly PRSI-free allowance of €127 will be abolished with effect from 1 January 2013. Under the PRSI system, no employment contribution is liable to be paid where an employed contributor has weekly earnings of €352 or less – this will remain the same. Where an employed contributor's weekly earnings exceed €352, an employment contribution at the rate of 4% is liable to be paid on weekly earnings in excess of €127 and this threshold is now abolished;
- The assessment of means from self-employment, including farming and fishing, will be raised from 85% to 100% in the case of the Farm Assist, Jobseeker's Allowance, Pre-Retirement Allowance and Disability Allowance schemes. In addition, the annual child related income disregards in respect of qualified children who normally reside with such claimants (currently €127 per year for each of the first two dependent children and €190.50 per year for each subsequent child) will be abolished. These changes will take effect from the beginning of April 2013;
- An increase in the minimum rates of the Pay-Related Social Insurance contribution payable by self-employed contributors with effect from 1 January 2013. Self-employed contributors with reckonable income over €5,000 generally pay Class S PRSI contributions at the rate of 4%, subject to a minimum payment. This minimum payment is being increased from €253 to €500, with effect from 1 January 2013. For those with reckonable income over €5,000 but who have no net liability to tax, a flat rate PRSI

contribution of €157 is payable. This flat-rate contribution is being increased to €310, with effect from 1 January 2013.

- An increase in the rates of voluntary contribution payable by former self-employed and former employed contributors in line with the increase in the minimum self-employment contribution, with effect from 1 January 2013. The flat-rate voluntary contribution payable by a former self-employed contributor is increased from €253 to €500. Former Class A, H and E employed contributors pay voluntary contributions at the rate of 6.6% and former modified rate contributors pay at a rate of 2.6%, subject to a minimum payment. The minimum payment for former Class A, H and E contributors is being increased from €317 to €500 and for former modified rate contributors from €126 to €250, with effect from 1 January 2013;

- A special rate of voluntary contribution was payable by certain people who ceased to be compulsorily insured for social insurance purposes because of the operation of the earnings limit applying to non-manual employees prior to 1974. As there are no longer any voluntary contributors in this category, section 11 of this Bill abolishes this rate of voluntary contribution with effect from 1 January 2013;

- The Redundancy Payments Act 1967 is amended by abolishing the rebates paid to employers in respect of statutory redundancy lump-sums paid to their employees. This will apply in the case of statutory redundancy lump-sum payments made to employees who are made redundant on or after the 1st January 2013. Rebates will continue to be available to employers on or after the 1st January 2013 on statutory redundancy lump-sum payments made to employees who have been made redundant before 1 January 2012 at a rate of 60% and on or after 1 January 2012, but before 1 January 2013 at a rate of 15%.

In conclusion, Minister Burton said that balancing the needs of those dependent on social welfare against the money available is extremely difficult and she assured the House that the Government is doing its utmost to protect the most vulnerable people in Irish society. She added: **"I am relieved that the level of the adjustment to the social welfare Budget is less than that originally envisaged; that it is less than the level implemented in last year's Budget and those of previous years. Cuts have been concentrated on items outside of the core weekly payments that recipients depend on.**

"We have balanced the cuts by putting money into services for those who are trying to get a step on the ladder back to paid employment, and also into services for children who need that extra support to help them benefit from their education", Minister Burton said.

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