



## An Roinn Coimirce Sóisialaí Department of Social Protection

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### **Minister Burton hosts seminar on aspects of the report of the Inter-Departmental Mortgage Arrears Working Group**

Joan Burton TD, Minister for Social Protection today (*Monday, 7<sup>th</sup> November*) addressed a seminar on aspects of the recently published report of the Inter-Departmental Mortgage Arrears Working Group. The seminar, which was hosted by the Department of Social Protection, was attended by a number of stakeholders in the area of mortgage and personal debt (see appendix for list of organisations invited to attend).

In her opening remarks to the seminar, Minister Burton said; **“The thing that is different about this recession is that it is not just about high unemployment but also about the high personal debt burden that many citizens are shouldering. This is preventing people becoming economically active.”**

Key recommendations in the report relating to the Department of Social Protection are to:

- Curtail mortgage interest supplement as this is not an appropriate long term support, and replace with more sustainable solution
- Provide an independent mortgage advice function to advise and support mortgage holders in assessing their options and to build trust in the debt resolution process

Minister Burton also welcomed the recommendation that without effective bankruptcy legislation the mortgage arrears problem will not be solved. She said that Minister for Justice Alan Shatter was currently preparing the outline of legislation on personal insolvency as a matter of urgency.

**“My Department welcomes the proposed introduction of Minister Shatter’s Personal Insolvency Bill. We see the early reform of personal insolvency legislation as key to resolving the mortgage arrears and personal debt problems,”** she said. **“The existence of the new personal insolvency option would force banks to the negotiating table, allowing both sides to reach a settlement,”** she continued.

The Department of Social Protection is currently spending about €77 million a year on Mortgage Interest Supplement. Minister Burton commented: **“In effect, my Department is subsidising the mortgages of more than 18,500 struggling borrowers who have turned to us for help. We are picking up the tab for a share of those borrowers’ debt burden; and the money we pay goes directly to the banks. We also spend more than**



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**€500 million a year on rent supplements for 100,000 people who cannot afford to house themselves."**

Minister Burton also welcomed the report's recommendation to provide an independent mortgage advice service which aims to advise customers (in arrears or pre-arrears) in their dealings with mortgage lenders and that the funding for this service should be provided by mortgage lenders. Minister Burton commented: **"I am satisfied that MABS, under the aegis of the Citizens Information Board, currently provides an excellent service to its customers, many of them on low incomes or people living on social welfare payments. While the new service proposed by the report is very different from that provided by MABS, I have no doubt that that there should be strong linkages between this new service and MABS. I would welcome your views on how this might be achieved."**

Minister Burton was clear that no decisions have yet been taken in relation to the recommendations in the report and she said that she will be discussing these issues with her colleagues in Government. The Minister thanked those who attended the seminar for taking the time to contribute to the debate and she said that the views expressed today will assist her in her discussions with the Government.

**PRESS RELEASE ENDS**



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**Appendix 1**

**List of Organisations Attending**

AIB  
Bar Council  
Citizens Information Board  
Free Legal Aid Centres  
Greater Blanchardstown MABS  
Housing Agency  
Housing Social Policy Consultant  
Irish Banking Federation  
KBC Bank  
MABS National Executive Committee  
MABS National Management Forum  
MABS NDL  
Michael Dowling Mortgage & Financial Services  
Mortgage Negotiators  
National Consumer Agency  
New Beginning  
Northside Community Law Centre  
NUI Maynooth  
Public Information Consultant  
Respond!  
St Vincent de Paul  
Ulster Bank  
University College Dublin  
Department of Finance  
Department of Justice & Equality  
Department of Social Protection