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Department of Social Protection
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# No cuts to primary weekly social welfare rates - Minister Burton

***Over €20.5 billion to be spent on Social Protection in 2012***
***€475 million in savings to be achieved***

Joan Burton TD, Minister for Social Protection, today (December 5) announced that primary weekly social welfare payment rates would be protected in Budget 2012.

She said rates for weekly payments such as Jobseeker's Benefit and Allowance, Illness Benefit, Invalidity Pension, Disability Allowance, Blind Pension, Carer's Benefit and Carer's Allowance and Widower's Pension would not change.

The monthly Child Benefit for each of the first two children is maintained at €140, while older people would continue to get their State Pension at current levels.

Minister Burton said: "I recognise the severe impact on families, individuals and communities as a result of the economic collapse. I want to protect them from the worst consequences of this very deep recession by delivering on the government's promise not to cut primary social welfare payments.''

The Minister said **the Government had decided to limit the adjustment in Social Protection spending to €475 million in 2012** or just over two per cent of the Department's spend.

**"Previously, it was proposed to reduce the Department of Social Protection's spending by €665 million in 2012. However, this government was unwilling to impose such a devastating level of cutbacks at a time of such severe economic difficulty,**'' the Minister said.

**"This government recognises that welfare expenditure plays a vital role in protecting the most vulnerable people in Irish society, as well as stabilising the economy generally,''** she continued.

The government had decided to make an adjustment of €3.8 billion between tax and spending in 2012. Of this, €1.45 billion was to come from day to day spending including health, welfare and education.

**"As the biggest spending Department, the Department of Social Protection must play its part in that adjustment,''** she said.

She added: **"Though we are achieving savings, the Department will still spend €20.5 billion on social protection in 2012. This is a clear demonstration of this government's commitment to protecting the most vulnerable in Irish society.''**

## CHILDREN AND FAMILIES

Speaking about children and families, Minister Burton said: **"We all know that parents make enormous sacrifices for their children and willingly meet the costs that raising children imposes on the family. What I and my colleagues have been wrestling with is not the principle**

**of such supports but with how we might put this principle into practice given the economic and fiscal realities that we face. Unfortunately it has not been possible to exempt income support to families from the general budgetary strategy. The Budgetary measures that directly affect these child related payments are measured to ensure that payments genuinely address the needs of families and balance the need to ensure some support for all families with greater additional support for some families.''**

From next January, Child Benefit will be maintained at €140 per month for each of the first two children. The rates applying to the third and subsequent children will be standardised at €140 per child per month over the next two years. In 2012 the monthly rate for the third child will be €148 and for the fourth and each subsequent child will be €160. The rationalisation of child benefit payment rates to a single rate is an important component of introducing a more appropriate system of child income supports. Furthermore, the grant of €635 paid at birth on all multiple births and further grants of €635 paid when the children are 4 years of age and 12 years of age will be discontinued.

Minister Burton continued: **"I understand that these measures will have implications for some families but I must point out that families at risk of poverty will be more likely to benefit from supplementary child related payment such as child related increases to social welfare payments and the Family Income Supplement. Those payments remain unchanged.**

"In deciding on these measures, I was mindful of interim advice that I recently received from the Advisory Group on Tax and Social Welfare which I established earlier this year. The group began its work, as I asked, by focusing on family and child income supports and I understand that the group is considering a number of ways in which we can better design our system of supports for families with children. I hope to revisit the broader structural reform agenda when I receive their considerations."

The Department's range of child income supports also includes the Back to School Clothing and Footwear Allowance, which helps towards the cost of uniforms and footwear for school children.

"**To appropriately target this payment at school-going children, I am raising the age at which a child is eligible for the Back to School Clothing and Footwear Allowance from 2 to 4 years of age**", said Minister Burton.

In addition the rate of the Back to School Clothing and Footwear Allowance will reduce from €305 to €250 for children aged 12 years or more and from €200 to €150 for children aged 4-11 years. The rates of this allowance have increased significantly in recent years. Since 2005, the allowance has increased from €80 to €200 in respect of qualified children aged from 2 to 11 years and from €150 to €305 for those aged 12 to 22. These are increases of 150% and 103% respectively. These increases are very significant when viewed in the context of clothing and footwear price trends.

Turning to the One Parent Family Payment, Minister Burton said: "**I am introducing a number of measures in Budget 2012 that will continue to reform the One-Parent Family Payment. This reform commenced in 2010 when the age limit of the youngest child for receipt of payment was reduced to 14 years. The changes I am making in this Budget continue this reform,**

**reducing the age to which payment is made to 12 in 2012, 10 in 2013 and 7 in 2014, bringing Ireland's support for lone parents more in line with that provided internationally.**

**"The best route out of poverty is through paid employment. I recognise that work and especially full-time work may not be an option for parents of young children. The reforms I am making will give parents of young children the choice of caring for their children. If they are still in need of income support when their child reaches age 7, they can then claim a Jobseekers payment and will be provided with the systematic and active supports that accompany that payment.**

**Significant work is currently taking place in my department to strengthen and focus these activation supports through the profiling of jobseeking customers. This will enable appropriate supports to be more effectively targeted to meet customer needs in a case managed way. This will be strengthened through the development of a new service delivery model through the National Employment Entitlement Service, providing customers with integrated state supports."**

**OLDER PEOPLE**
Older people will continue to get their State Pension at current rates (the weekly rate of State Pension (Contributory/Transition) is €230.30 per week while the Non-Contributory rate is €219). The Free Travel scheme, Free TV Licence, Telephone Allowance, Living Alone Allowance, Over 80 Age Allowance and the Islander Allowance will also not change.

The priority for the pension policy is to maintain the sustainability of pensions into the future by supporting and rewarding attachment to the workforce. It is important that other schemes apply a consistent approach to the principle of attachment to the workforce so as not to minimise the importance of this in all social insurance schemes.

Additional rates bands for State Pension (Transition) and State Pension (Contributory) will be introduced from September 2012 to more fairly reflect the proportionality of attachment to the workforce by the claimant. Recognising that the State Pension (Contributory) is a very valuable benefit, it is important to ensure that those qualifying have made a sustained contribution to the Social Insurance Fund over their working lives thereby ensuring equity in the social welfare system. By aligning the rate of pension paid with the contribution made ensures that those who contribute more during a working life benefit more in retirement than those with lesser contributions.

The total number of paid PRSI contributions needed to qualify for Widow(er)'s Contributory Pension and Surviving Civil Partner's Contributory Pension will increase from 156 to 520 contributions with effect from July 2013. This change will bring the PRSI qualifying conditions for these payments more closely in line those for the State Pension (Contributory) and (Transition).

In relation to backdating arrangements, currently late claims for certain contributory pensions can be backdated on a reducing scale for up to 5 years. This backdating period will be reduced to a maximum of 6 months. This applies to State Pension (Contributory & Transition), Surviving Civil Partner's Contributory Pension and Widow(er)'s Contributory Pension from March 2012. Customers who establish an entitlement to a contributory pension will get their full entitlement from the date of claim. The change will allow for backdating for a period up to six months before the date of claim. There will be no provision for further backdating except in circumstances where the failure to claim arises as a result of incorrect information being supplied by the Department or where the delay in making a claim arises as a result of the claimant's incapacity by illness or infirmity.

**FUEL ALLOWANCE**

The weekly Fuel Allowance and the payment period, the "fuel season", have been greatly increased during the last ten years. Between 2005 and 2011 the numbers in receipt of Fuel Allowance rose from 266,000 to 390,000, an increase of almost 50%. For the same period the cost rose from €82 million to €250 million, an increase of over 200%. Given the increase in numbers and costs, the scheme is unsustainable. In this context, the Fuel Allowance season will be reduced by 6 weeks from 32 weeks to 26 weeks for all recipients.

The Fuel Allowance was envisaged as a way of providing some additional support for those on long-term welfare payments during the winter season which clearly does not last for 32 weeks. By reducing the fuel season by six weeks it begins to restore the core purpose of the payment as a winter fuel support.

**JOBSEEKERS**

Currently, Jobseeker's Benefit recipients receive payment for the days they don't work. For each day that a person is unemployed, one-sixth of the normal rate of Jobseeker's Benefit is payable. For example, if they get part-time work for 2 days, they can get four-sixths of the normal Jobseeker's Benefit for that week. From July 2012, Jobseeker's Benefit for a person working for part of a week will be based on a 5-day rather than a 6-day week. In other words, for each day that a person is unemployed, one-fifth of the normal rate of Jobseeker's Benefit is payable and if they get part-time work for 2 days, they will get three-fifths of the normal Jobseeker's Benefit for that week. This reform will mean that there will be a greater incentive for part-time workers on this scheme to return to full-time employment.

A significant proportion of workers work on Sundays. The current exclusion, or disregard, of Sunday employment creates significant anomalies in the jobseekers schemes, one of which is that a person who is employed on Sunday only, receives the same Jobseeker's Benefit as a fully unemployed person. From January 2013, Sunday working will be taken fully into account when calculating the amount of Jobseeker's Benefit or Jobseeker's Allowance to be paid. The effect of this will be to increase equity across the jobseeker schemes and make them more relevant to the modern labour market.

**CONCURRENT PAYMENTS**

"**Measures in this Budget contribute to the achievement of more general objectives. They begin to give effect to the underlying principle that everyone should have an entitlement to only one weekly income support payment, with no special arrangements for particular groups. It will no longer be possible to have a social welfare system whereby some people get more than one primary weekly payment, if we want to avoid reducing the level of weekly payments generally, which we have done in this budget",** said Minister Burton.
For this reason, from next January:

- new participants on Community Employment schemes will not be able to claim another social welfare payment at the same time;
- half rate payments of Jobseeker's Benefit, Illness Benefit and Incapacity Supplement for those who get a Widow(er)'s Pensions, Surviving Civil Partner's Pensions or One Parent Family Payment (this will apply to new applicants for Jobseeker's Benefit, Illness Benefit and Incapacity Supplement); and
- payment of two qualified child increases where the person is on a Community Employment Scheme and One Parent Family Payment, Deserted Wife's Allowance/Benefit or Widow(er)'s Pensions will cease for new and existing recipients

**CARERS**
The weekly Carer's Allowance and Carer's Benefit rates for carers will not change. The half rate Carer's Allowance will continue to be paid to people who are full-time carers and who are receiving another welfare payment. The increased payment for those caring for more than one person will also be retained. Carers will continue to get the annual Respite Care Grant of €1,700 for each care recipient.

However, new applicants for Carer's Allowance, who are not living with the person for whom they are providing care, will not be entitled to the Household Benefits package, which comprises the Electricity/Gas Allowance, Telephone Allowance and free television licence. The person receiving care may be entitled to the Household Benefits package in their own right. Carers who reside with the person they are caring for will continue to have an entitlement to the Household Benefits. Similarly, non-resident carers in receipt of the package prior to 1st April 2012 will continue to retain the benefit.

**MEANS TESTING**
There will be a number of changes in means testing arrangements from next January as follows:

- For new and existing claimants, income from employment as a home help funded by the HSE will be assessed in means tests for social assistance schemes. Affected persons will benefit from the existing earnings disregards in line with all other employees.
- The amount of earnings disregarded for the purposes of the One Parent Family Payment means test will be reduced from €146.50 to €130.00 per week in 2012 for new and existing recipients. Further reductions will be introduced over the following 4 years.
- Income from weekly carers payments will be included for the purposes of calculating entitlement to Family Income Supplement in line with other welfare payments.
- The temporary payment for a period of six months of half of the rate of One Parent Family Payment where the recipient's earnings exceed €425 per week will be discontinued. Existing recipients of the temporary payment will not be affected.

**RENT SUPPLEMENT / MORTGAGE INTEREST SUPPLEMENT**
Changes are being made to the Rent Supplement scheme to achieve savings of €55 million in 2012. The minimum contribution that single tenants make towards their rent will increase by €6 to €30 per week. The minimum contribution payable by couples will be €35 per week.
The Department of Social Protection funds a substantial minority of the private rented accommodation in the country and with that level of influence on rents, it is essential that the maximum rent limits for Rent Supplement reflect real prices so that landlords are charging a fair

rent and the State pays a fair price. To that end new rent limits will be introduced in 2012 to ensure that the maximum rent limits for Rent Supplement are set at appropriate levels. This will ensure that the amount paid by the State properly reflects the levels of rent in a particular area and is not an artificial subsidy for landlords.

Payment of Mortgage Interest Supplement will be deferred for 12 months while the person and their lender engage with the Mortgage Arrears Resolution Process. This provides an incentive for lenders to reach a realistic accommodation with mortgage holders in difficulty prior to the State assuming a role in meeting their mortgage interest costs.

**PEOPLE WITH DISABILITIES**

From January 2012, the age of entitlement for Disability Allowance will increase to 18 years in line with other social welfare payments. As a compensatory measure, the age of entitlement for Domiciliary Care Allowance will be extended from 16 years to 18 years of age. Eighteen years is normally used as the minimum age for qualification for means-tested payments in a person’s own right. These measures therefore address this anomalous position within the welfare system, while ensuring that Domiciliary Care Allowance continues to be payable to support the parents of young people with disabilities, aged between 16 and 18, who have particular needs.

Furthermore, for new claimants aged 18-24, the rates of payment for Disability Allowance will be aligned with Jobseeker’s Allowance rates for that age group i.e. €100 per week for people aged 18-21 and €144 per week for people aged 22 to 24. However, people who are aged under 25 years and are already in receipt of a full-rate Disability Allowance payment will not be affected.

In cases where people under 25 years of age, who are currently getting Disability Allowance, take up opportunities for education or training (e.g. by availing of the Back-to-Education scheme or Community Employment) and subsequently revert to Disability Allowance, they will not be subject to the reduced rates.

Similarly, where a person aged under 25 years of age and already in receipt of full-rate Disability Allowance relinquishes their entitlement to the payment by virtue, for instance, of being out of the State, they will be paid at the full weekly rate if they re-qualify for the allowance.

In relation to Disablement Benefit, from next January, new applicants for this benefit must have a disability classified at more than 15% in order to qualify for the payment. The measure will place Ireland at the same level as the UK and it will place Ireland broadly in the mid-range of EU practice in this regard.

**REDUNDANCY REBATES**

Statutory redundancy lump sums are generally paid by employers who are currently entitled to a rebate from the State of 60% of the relevant amount. The payment of redundancy rebates is not general practice in other jurisdictions. For example, in the UK the redundancy payment is funded by the employer and there is no recovery from the State. In Sweden there is no statutory system of redundancy payments from the employers while in Spain the employer cannot claim back any amount from the State. In contrast in Ireland last year, €373.2 million was paid out in redundancy rebates to employers and €185.3 million has been paid so far this year. From January 2012, the employer rebate of statutory redundancy payments will reduce from 60% to 15%. This measure will bring redundancy rebates arrangements in line with other EU countries and it is expected that this measure will save €81 million in 2012.

**OTHER MEASURES**
A number of other measures are also included in this year's social welfare package:

- Where a person claiming Invalidity Pension, Carer's Benefit, State Pension (Contributory or Transition) or Incapacity Supplement has a spouse or partner with income of over €400 a week, payment of the half-rate increase in respect of a qualified child will be discontinued. This will apply to new claimants and is in line with current arrangements for Jobseeker's Benefit, Illness Benefit and Injury Benefit. **(July 2012);**
- The frequency of the grant for hearing aids will change from 2 years to 4 years. **(January 2012)**
- The Cost of Education Allowance, the annual grant which accompanies the Back to Education Allowance, will reduce from €500 to €300. **(2012)**
- The training and materials grant paid to Community Employment schemes will reduce from €1,500 to €500 per participant per annum. **(January 2012)**
- Under the Farm Assist scheme, the assessment of means from self-employment, including farming, is being raised from 70% to 85%. The deductions from income for children are being halved to €127 per year for each of the first two dependent children and €190.50 per year for each subsequent child. **(2012)**
- The cost to the Department of medical certificates for illness and disability related schemes will be reduced by 10%.
- Further savings will also be achieved in payments to electricity supply companies under the Household Benefits Scheme.

**ENDS**

**Full details of all Department of Social Protection budget measures are set out in the Budget Factsheet 2012. This is available at www.welfare.ie.**