

Government approves annual savings of €65 million on fuel, phones and electricity and gas payments

The Government today approved changes to the Fuel Allowance and Household Benefits schemes that will bring annual savings of €65 million. Minister for Social Protection, Joan Burton TD, said: "While we want to protect the basic social welfare payments which have very positive economic and social effects, regrettably there is an ongoing necessity to achieve savings due to our commitments with the IMF/EU/ECB Troika. The savings arising from this measure were provided for last December in Budget 2011 but were not specified or announced by the Government at that time."

From September 2011 the Fuel Allowance is to be standardised at €20 per week, the rate currently received by the majority of customers, with no additional allowance for living in a smokeless area. The cost of the Telephone Allowance will be reduced following negotiations with Eircom which will ensure that customers receive €26.86 of value on their bills, at a cost to the State of €22.22 per month. The number of free units provided under the Electricity and Gas Allowance will be reduced to the 2007 level: this reduction may be offset to some extent if customers switch to other companies in search of better deals. These three measures will generate savings of €17 million in 2011 and €65 million annually.

Minister for Social Protection, Joan Burton TD, said: "Assistance with the cost of fuel, electricity, gas and telephone bills has always been an important element of social welfare provision and will continue. My Department will spend over €530 million, over half a billion euros, in 2011 on these schemes which benefit over 630,000 people. Help will also continue to be available for vulnerable people with special or additional heating needs through the

Heating Supplement and Exceptional Needs Payment Scheme under the Supplementary Welfare Allowance scheme.”

The Fuel Allowance is a means-tested weekly payment of €20 available for people on long term welfare schemes; it is paid for 32 weeks from September to April each year and this element of the scheme remains unchanged. The additional Smokeless Allowance, which is being removed from September 2011, is a top-up of €3.90 a week payable only to Fuel Allowance customers in the towns where the sale of bituminous fuel is banned.

Minister Burton noted: “The Smokeless Fuel Allowance was introduced at a time when many more people used coal and there was a big price difference between the types of coal. This situation has changed radically, with far fewer people using coal. Also, smokeless fuel is estimated to be more than 50% more energy efficient than conventional coal which more than offsets any increase in cost.”

The Telephone Allowance will be set at €22.22 per month (from €25.91 per month) from September 2011. However, the Department of Social Protection has negotiated with Eircom, the main supplier, to ensure that all Eircom customers will get a value of €26.86 towards their telephone bill.

Commenting on this change Minister Burton said: “I welcome this new ‘social benefits’ deal with Eircom to obtain maximum value for the State and for our customers. We’ll no longer pay a monthly rental for handsets, but customers will be able to keep their set at no charge. It just makes more sense.” The amounts paid in respect of customers of other companies or to customers who receive the allowance on a cash basis will also be reduced to €22.22 per month.

The contribution provided annually under the Electricity and Gas Allowances is to be reduced from 2,400 to 1,800 units with effect from 1 September 2011 in the case of the Electricity Allowance. The equivalent rate of the electricity cash payment will be adjusted from €43.80 a month to €35.80 a month from Tuesday 6th September 2011 and the equivalent annual value of the Gas Allowance will also be adjusted from €489 to €393 from the same date. This will restore the allowances to the levels paid in 2007. The annual savings will be €29.8 million with a saving in 2011 of €5 million.

“We are looking carefully at all our schemes and I will continue to negotiate with suppliers to ensure we get the best value for money with the least impact on our customers”, concluded the Minister.

Note for Editors:

Fuel Allowance

In 2005 there were 265,000 customers in receipt of Fuel Allowance; in 2011 there are 390,000, an increase of almost 50% over six years. Of these, 150,000 recipients (38%) qualify for the additional Smokeless Allowance at a cost of €18.7 million for 32 weeks.

The price differential between smoky and smokeless coal has dropped considerably over the years and is now as low as 2%, significantly less than the 20% supplement which the Smokeless Allowance represents. Smokeless fuel is also much more energy efficient than conventional coal, more than offsetting any increase in cost. Research indicates that the efficiency gain can be up to 50%. There have also been significant falls in the use of coal: between 1990 and 2009 the percentage share of total final energy

consumption made up by coal fell from 11.6% to 3.0%. Consumption decreased by 12% in 2009 alone.

The areas currently designated for smokeless fuel include: Dublin, Cork, Arklow, Drogheda, Dundalk, Limerick and Wexford, Celbridge, Galway, Leixlip, Naas and Waterford, Bray, Kilkenny, Sligo and Tralee. The ban is to be extended to Athlone, Carlow, Clonmel and Ennis from 1 August, 2011.

Household Benefits package

The Telephone and Electricity Allowances are available as part of the Household Benefits package for all those aged 70 or over regardless of means or household composition; those in receipt of carers allowance regardless of household composition; those who are 66-70 and generally living alone (with some exceptions) and in receipt of a qualifying payment; those under aged 66 and in receipt of a disability or caring related payment.

The provision for the Telephone Allowance in 2011 is over €115 million. The number in receipt of Telephone Allowance has increased significantly in recent years, in line with increases in customers receiving qualifying payments as well as the increases in those aged over 70: the numbers will continue to increase in line with demographic projections. In 2005 there were 311,000 customers in receipt of Telephone Allowance; in 2010 there were 381,000, an increase of 23% over six years.

The Electricity Allowance is administered to 390,000 customers (348,000 in receipt of the Electricity Allowance and 42,000 in receipt of the Gas Allowance or a cash equivalent) at a cost of €192 million in 2010. The provision for 2011 is €207 million. The cost of the scheme has risen very significantly, from €110 million in 2005 to €207 million in 2011, an increase

of 88% over six years. Up to 82,000 (21%) customers under-use their allowance of 2,400 units. The average use among the under-users is 1,468 units.

Further information on the Household Benefits package (Electricity/Gas and Telephone Allowances) and the Fuel Allowance is available:

- at www.welfare.ie,
- from all Social Welfare Offices and
- at LoCall 1890 500 000 (from the Republic of Ireland only) 9.30 a.m.- to 5.00 p.m. Monday to Friday.

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