



## An Roinn Coimirce Sóisialaí Department of Social Protection

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### **Minister invites stakeholders to consultation on aspects of the Keane Report**

Joan Burton TD, Minister for Social Protection today (Thursday, 20<sup>th</sup> October) welcomed the contributions from the many concerned groups that have issued statements in response to the publication of the report of the Inter-Departmental Mortgage Arrears Working Group.

The Minister said she had today asked her Department to invite the various stakeholders in the mortgage and personal debt debate to a forum to be held in November. She said she was looking forward to hearing their views on recommendations in the Keane report, such as to curtail mortgage interest supplement through provision of mortgage to rent schemes and proposals to support people in arrears through an independent mortgage advice service.

"There has been a dramatic rise in the level of mortgage arrears in the last two years and the trend is continuing. About 45,000 households are behind with the mortgage payments for more than 90 days, while there are another 56,000 households who have already been forced to restructure their loans due to difficulties making repayments," the Minister said.

The Inter-Departmental Mortgage Arrears Working Group, chaired by accountant Declan Keane, has come up with a range of possible solutions including mortgage to rent schemes, trade down mortgages, split mortgages and sale by agreement.

The Minister said: "Mr. Keane has recognised that the mortgage arrears problem is complex and that it requires a complex set of solutions. But I believe one of the key recommendations in the report is the early introduction of new judicial and non-judicial bankruptcy options. I agree with Mr. Keane that 'without effective bankruptcy legislation the mortgage arrears problem will not be solved,'" she said.

The Minister also recognised that any proposed solutions must take all debt liabilities in to account to be effective.

Minister Alan Shatter is currently preparing the outline of legislation on personal insolvency as a matter of priority. "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."



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“Once the banks know that the borrower can walk away, they will be forced to engage with the borrower in a meaningful manner,” Minister Burton said.

“This government is putting these very important tools in the hands of people in mortgage arrears as there is significant anecdotal evidence that financial institutions are often slow to respond to contact from debtors, are inflexible and are for the most part refusing to contemplate reasonable proposals,” she added.

Minister Burton welcomed the proposal in the Keane report to establish a new mortgage support and advice function.

“I welcome the suggestion to appoint over 100 advisers with financial, accounting and legal expertise to help borrowers in mortgage arrears in their discussions with their banks. The idea is that the service would work closely with the Citizens Information Board’s money advice and budgeting service which is funded by my Department. But this new service, while operating under my Department, will be funded by the banks,” she said.

“A large portion of the Social Protection budget is currently swallowed up dealing with the fallout from the banking crisis. My Department is spending €77 million on Mortgage Interest Supplement which effectively is a support to the banks. We also spend about €18 million on the Money Advice and Budgeting Service. And we spend more than €500 million on Rent Supplement,” the Minister explained.

“I would far prefer to see the banks use some of the billions in capital they have already been provided with to write off bad debts which borrowers cannot afford to repay rather than supporting the banks with even more taxpayers’ money from the Social Protection budget,” she concluded.

**PRESS RELEASE ENDS**