

April 09 Budget Changes and SVP Reaction

The changes in the Rent Supplement Scheme do nothing to protect vulnerable tenants, and are likely to worsen their situation. Due to changes made in the October budget and this budget, recipients of Rent Supplement now have to pay an additional €11 a week contribution towards their rent.

In reducing the rent supplement rates the DSEFA 'hopes' that landlords will reduce their rents and release tenants from contracts which they have signed. There is no incentive for landlords to do this. Those who will suffer will be people reliant on rent supplement to meet their housing needs. SVP is still paying rent supplement top ups to landlords and this will certainly continue. This has been a missed opportunity for Government to enhance the Rental Accommodation Scheme which provides security of tenure for both tenants and landlords and is linked to quality standards.

Changes Affecting Those at Work

From May 1st there will be an increase in the income levy to 2% for people earning between €15,028 and €75,036 a year.

From May 1st the health levy will be 4%, up from 2%, for those earning between €26,000 and €75,036.

PRSI (Pay Related Social Insurance) will now be paid on earnings of up to €75,036, this ceiling was previously €52,000 a year.

SVP members know that 30% of our population are in low paid jobs but still experience poverty. We are concerned that bringing those below the minimum wage into the tax net, through the income levy, will only worsen this problem. Despite the falling Consumer Price

Index, inflation in the areas of food, fuel, education, health and transport continues to rise. These are the areas where poorer households spend a significant proportion of their income.

Christmas Bonus

The Christmas Bonus paid to many social welfare recipients in December has been ended.

SVP regrets the removal of this much needed support. Our members know, from their long experience of helping families cope with the expense of winter in general and Christmas in particular, that this is likely to trigger an increase in the level of borrowing from moneylenders. Our members' bitter experience is that this pushes families deeper into debt and hardship which is very difficult to escape from.

Community Supports Scheme for Older People

- Scheme suspended, not abolished, from April 8th pending a review which will be completed by the end of September
- Applications for pendant alarms or security features received by April 8th will be processed

The SVP Social Justice and Policy team has protested very actively at the suspension of this scheme. A meeting was held with Minister O Cuiv and SVP was assured that members' insights and experience of administering this scheme will be fed into the review. We remain concerned for those who will need alarms or other security features during the period of the suspension.

From The Ground Up is the method by which Social Justice and Policy captures the reality of SVP conference experience. If you would like to discuss persistent and or emerging issues in your SVP work please contact Brendan Hennessy on 021 494 3540 or Brendan@svpcork.ie

Budget April 2009 Update and Analysis

Social Justice and Policy

National Office: SVP House, 91/92 Sean Mac Dermott Street, Dublin 1

Telephone: 01 838 6990 Email: info@svp.ie Web: www.svp.ie



Society of Saint Vincent De Paul



In a response to deteriorating public finances a Supplementary Budget was announced on Tuesday 7th April 2009.

The main changes in this budget are listed below. **Most social welfare payments were left unchanged for now, but a clear intent to tax or means test Child Benefit in 2010 was announced.** SVP will oppose any reduction in welfare rates and payments to children. It is simply not just that our most vulnerable should suffer any more hardship. Against this backdrop of an uncertain future SVP volunteers continue their work of offering front line support, help and reassurance. We are needed now more than ever.

SVP regional offices across the country are reporting a surge in the number of calls for assistance which they are receiving, and many of these calls are coming from people who have never previously asked for our help. More and more people are coming to SVP who have never before known redundancy, unemployment or life on a restricted income. For these people this is the first time they have had to navigate their way around the social welfare system. For others, who have been depending on social welfare payments against a backdrop of rising prices for basic household necessities such as food, heating and basic services, changes to some social welfare benefits will mean more hardship.

The argument now being made that a fall in the Consumer Price Index, mainly due to the reduction in mortgage interest rates, can be used to justify a corresponding drop in welfare rates is inaccurate. This argument takes no account of the fact that the cost of items such as food, energy, transport, local authority rents, education and health, which account for the greatest areas of expenditure by poorer households, have not decreased but have increased in many cases. Indeed the daily experience of SVP members is that families are struggling to survive on their social welfare payments and pensions and in fact these need to be increased rather than decreased.

Changes to Jobseekers Allowance

While the rate of payment for both Jobseeker Benefit and Allowance remains at €204.30 a week, there have been some changes to Jobseekers Allowance eligibility:

- Jobseekers Allowance for under 20s is reduced to €100 a week from 1st May for new claimants
- Only recipients aged 18 and 19 year olds on a full time FAS, PLC, Youthreach or Senior Traveller Training Centre course will get the full rate of Jobseekers Allowance

April 09 Budget Changes and SVP Reaction

- 18 and 19 year olds on Jobseekers Allowance who are parents and in receipt of the Qualified Child Increase will get the full rate

Budget 2009 made a number of changes to Jobseeker's Benefit:

From 15 October 2008, Jobseeker's Benefit is paid for a maximum of 12 months to:

- New claimants who have at least 260 paid contributions
- People getting Jobseeker's Benefit for less than 6 months on 15 October 2008 who have at least 260 paid contributions.

From 15 October 2008, Jobseeker's Benefit is paid for a maximum of **9 months** to:

- New claimants who have less than 260 paid contributions
- People getting Jobseeker's Benefit for less than 3 months on 15 October 2008

Claimants move to Jobseekers Allowance which is means tested after their entitlement to Jobseekers Benefit expires. This means test takes into account all household income from cash, work, savings and property.

Changes for the Self Employed

A series of changes have been made to the Back to Work Schemes to respond to the growing numbers of self employed people losing their jobs. There is a new emphasis on assisting people to set up their own business as soon as they become unemployed to stimulate the economy and lead to further job opportunities.

It is now easier to access the Back to Work Enterprise Allowance. People who are entitled to Jobseekers Benefit, are in receipt of statutory redundancy and who paid full rate PRSI for at least

2 years can now access a shorter Back to Work Enterprise Scheme immediately.

People can now access the Back to Work Enterprise Allowance scheme after 12 months, instead of 24, if they are entitled to Jobseekers Allowance.

The Back to Work Allowance, employee strand, is now closed to new applicants.

Changes to Back to Education Allowance Scheme (BTEA)

Some changes brought in last October made it harder for people to qualify for this scheme. Some improvements have now been made which means that from 1st May 09 people can apply for the Back to Education Allowance Scheme and keep their welfare payment as follows:

- People getting Jobseekers Benefit or Allowance for at least 3 months (instead of 6 months previously) and who have been out of formal education for at least 2 years, can qualify for second level BTEA
- People getting Jobseekers Benefit or Allowance who have been recommended by either a FAS Employment Services Officer or a Department of Social and Family Affairs Jobs Facilitator can access the third level BTEA scheme after 9 months instead of 12 months.

SVP Comment on Changes to Work Related Schemes

SVP is firmly against any moves to reduce welfare rates as we know how low income families struggle to afford life's necessities. We await the hardship that many households will face in the coming months when their entitlement to Jobseekers Benefit ends and they move onto the means tested Jobseekers Allowance. This will mean a substantial

cut in income for many households already struggling to make ends meet on greatly reduced incomes.

While we understand the rationale in cutting Jobseekers Allowance for the under 20s to encourage them to attend further training and education we are concerned that there may not be sufficient places in the system to cater for all new entrants. We are also worried about low income families where a young job seeker is contributing to the household budget. While we welcome the additional 23,435 training and education places, from existing resources, we are not convinced that this is enough to tackle the particular scourge of youth unemployment.

Changes Affecting Children

- Child Benefit remains untouched in this budget, although it will be either taxed or means tested in 2010. It needs to be remembered that for many low-income households Child Benefit has now become an essential element of the household budget, helping them with such basic living expenses such as food, energy and rent/ mortgage.
- Qualified Child Increase, the former Child Dependent Allowance, paid to children in families on social welfare, remains at its current rate
- The Early Childcare Supplement, a monthly payment to children under 5 years, has been halved to €41.50 per child per month from May 1st. From next January this payment will be replaced with an Early Childhood and Education Scheme for pre-school children between the ages of 3 years 3 months and 4 years 10 months. This will provide free daily care for children, 3 hours if the child attends a playschool over a 38 week period, or 2 hrs 15 minutes over a 50 week period if the child attends a full or part time childcare service participating in the scheme

- Back to School Clothing and Footwear Allowance remains unchanged
- Help towards School Books now restricted to children attending designated disadvantaged schools (DEIS schools) only since last October

SVP is very concerned at the proposed taxing or means testing of Child Benefit in the next budget. Our members know that more and more families have become very dependent on child related payments to meet their day to day living costs. We welcome the introduction of the free childcare / playschool places for children under five but remain very worried that the real cost of raising children in Ireland remains a problem for more and more families. The situation facing low income families is bleak, particularly at crunch times for parents such as September, when school begins, communions, birthdays and ongoing school related costs throughout the year.

Changes to Rent Supplement Scheme

- This relief is being restricted to those who are already tenants for six months or who are have been assessed as in housing need and are on their local authority housing list
- Tenants on both the Rent Supplement Scheme and the Mortgage Interest Supplement will now contribute €24 a week towards the cost of their rent or mortgage repayment, an increase of €11 since last October
- Rent payments to tenants on the Rent Supplement Scheme are being reduced by 8% to reflect the drop in market rents and increased availability of rental properties
- The Department of Social Welfare 'hopes' that landlords will decrease the rent they charge. Tenants will, however, be legally obliged to pay the rent level set out in the lease and will have to negotiate directly with their landlord