



**An Roinn Coimirce Sóisialaí
Department of Social Protection**

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**Statement by the Tánaiste and Minister for Social Protection
Joan Burton T.D.**

At Budget 2015 Press Conference

Tuesday, 14th October 2014

Today's Budget marks a decisive shift.

The economy is growing. Unemployment is falling. Confidence is returning. The first phase of the recovery is complete and we are now starting the second: restoring living standards for families, older people, and low and middle-income workers.

This Budget will cement the economic recovery by sharing the fruits of that recovery in an equitable manner that gives the greatest proportion of the gains to low and middle-income workers.

This is a fair Budget.

Families, older people, and low and middle-income workers will benefit. Businesses will remain competitive. Through shared prosperity, all Irish people will begin to feel the recovery in their everyday lives and in their standard of living.

And we will not do anything to imperil the recovery. The Government will continue to do what is right for Irish families. There will be no return to the recklessness of the past. Instead we will use the economic dividend from the recovery to invest in sustainable growth, communities and public services.

The social welfare budget for 2015 is an example of our approach. Overall welfare expenditure will fall by €188 million, thereby helping to ensure the public finances remain strong. But there is still room within the budget for almost €200 million of targeted increases in certain payments, and new incentives to help people back to work. And it is precisely because of the surge in people returning to work that both objectives can be achieved.

The *Pathways to Work* strategy has helped ensure that unemployment has fallen by a quarter, from a crisis peak of 15.1% to 11.1% now. Having a job is the single best protection against poverty. The single best path to a better future for an individual and their family. And the single best way of reducing welfare expenditure.

Because of the surge in people returning to work, our overall expenditure will fall next year, and we can use some of those savings to help other jobseekers return to work, increase Child Benefit to help all families with the cost of living, and further protect vulnerable groups, such as older people and people with disabilities who live alone.

Objectives:

All existing welfare payments and supports will be maintained in 2015 – there will be no reductions.

In addition, I am announcing a number of initiatives costing €198 million with four key objectives. These are:

- Assisting unemployed families to return to work by providing continued financial support;
- Helping all families in the State with the cost of raising children;
- Recognising the additional pressures on pensioners and people with disabilities who are living alone, and
- Helping vulnerable welfare households to meet the costs associated with water services.

Back to Work Family Dividend:

I want to talk in particular about the new Back to Work Family Dividend.

Through the scheme, long-term unemployed jobseekers with children who leave welfare to return to work can retain the child-related portion of their social welfare payment on a tapered basis over two years. This includes those who move to self-employment, such as the construction sector. It will also apply to One Parent Family Payment recipients who similarly go back into the workforce.

The scheme will be worth €1,550 per child in the first year of employment or self-employment and half that amount again in the second year.

The Dividend will help increase the pace of the progress we are making in helping people back to work. It will help boost the recovery, reduce welfare expenditure in the long-run, and, most importantly, help the families in question to build a better financial future for themselves.

Child Benefit:

Moving to supports for children more generally, there will be an increase in the Child Benefit rate of €5, bringing the monthly rate from €130 to €135 per child.

This recognises the sacrifices that families made during the economic crisis and the fact that families are continuing to face difficulties.

In the *Statement of Priorities* published earlier this year, the Government promised a new deal on living standards for hard-pressed families, and this increase is in line with that commitment.

Pensioners and People with Disabilities

Looking now at pensioners and people with disabilities, there will be an increase in the Living Alone Allowance of €1.30 per week, bringing the rate up from €7.70 to €9.

The Living Alone Allowance is a payment made to pensioners and people with disabilities who live alone, and was last increased in 1996.

Water Services Support

In line with the *Statement of Priorities*, I am introducing a **Water Support payment** of €100 to recipients of the Household Benefit Package, to help older people and other vulnerable groups meet the cost of water services.

In addition, I am introducing a payment of €100 per annum to Fuel Allowance recipients who are not in receipt of the Household Benefits Package. This measure will also work to alleviate the impact of the water charges, and will cost €24 million in 2015.

Christmas Bonus

As you know, the Christmas Bonus was abolished by the previous Government in 2009. I am pleased to say that I am in a position to partially restore the Bonus this year. A bonus of 25% will be paid in early December to all long-term welfare recipients including pensioners, lone parents, jobseekers, carers and people with disabilities. This will cost over €63 million and is in recognition of the position of vulnerable households.

Concluding Remarks:

In conclusion, this Budget will:

- help more people return to work, particularly families with children;
- support all families with children as well as pensioners and people with disabilities living alone, and
- assist low-income families on welfare to meet the costs associated with water services.

Throughout the crisis, this Government protected core welfare rates and maintained a massively strong social welfare safety net. That was a political choice which this Government made very deliberately; it is not one that was followed in other bailout countries. This is acknowledged by the ESRI, among others, which has pointed out that, unlike in other countries, income inequality has fallen in Ireland in recent years, largely because of the overall maintenance of the welfare system.

But we didn't just maintain the system throughout the crisis; we transformed it in order to help people back to work. And in so doing, we have created the room to announce enhanced support today for those who need it most, while continuing our unrelenting focus on reducing unemployment.

We are strengthening the springboard back to work.

We are strengthening the safety net for those who need it.

And we are strengthening Ireland's recovery to ensure it will be a recovery felt by all.

Thank you.

ENDS