



Minister Welcomes EU Survey Showing Policies To Reduce Poverty Are Working & Says Poverty Traps Are Being Eliminated

Minister for social affairs, Séamus Brennan T.D., today welcomed the publication by the central statistics office of the results of the annual EU survey on income and living conditions in Ireland (EU-SILC) for 2004, which monitors the progress being made in reducing poverty and social exclusion.

Minister Brennan said that the challenge remains to find a consistent measure of poverty levels that accurately reflects the full impact of Ireland's economic success in addressing the issue. In the meantime, the EU-SILC survey results are encouraging as they show that the greatly increased resources being devoted to social welfare and other social services are having a significant impact on poverty and social exclusion. Between 2001 and 2005 spending on social welfare alone increased from €7.8 billion to €12.5 billion euro and an encouraging result from this substantial investment was that consistent poverty was down to 6.8%, from 8.8% in 2003. Expenditure on welfare in 2006, at €13.5 billion, will be double what was spent in 2000 and will, together with major increases in resources for other services, continue the determined drive to eliminate poverty.

Another encouraging outcome has been the halting of the upward trend of previous years in the numbers in the broad category of "at risk" of poverty which, in 2004, had been reduced to 19.4%.



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Minister Brennan said that he was also responding to concerns raised in media reports today that people in certain circumstances may be better off on welfare than in employment as a result of the substantial benefit increases in the budget.

Minister Brennan said: "I am aware that poverty traps continue to exist in the welfare system and that we are still to some extent playing catch-up in eliminating them. But we are making considerable progress. The recent budget committed to an all time high spend of €13.5 billion on welfare supports and entitlements and, on top of general rates increases of up to €17 per week, included €300 million specifically for a range of social policy reforms targeted at removing obstacles to employment and creating the changes and opportunities that will bring people from welfare dependency to financial independence."

Minister Brennan said that some €28 million is being invested in a range of new and enhanced support schemes that promote activation and offer opportunities and choices to welfare recipients, particularly the unemployed. These activation initiatives will build on a number of measures introduced in recent years to remove disincentives to taking up employment and to assist in the transition from welfare to work. The emphasis now is on the gradual and tapered withdrawal of benefits, such as rent supplement, disability allowance, family income supplement and back to work support schemes, as earnings increase and also on special means disregards.

The minister said that an example would be where a person who has been unemployed for 12 months or more commences full-time employment they can retain their rent supplement for up to four years on a tapered basis-75% of supplement in year one, 50% in year two and 25% in years three and four, subject to an income limit of €317.43 per week.

Back to work allowance and family income supplement, in cases where one or both of these are in payment, are disregarded in the assessment of the €317.43 weekly income limit. PRSI and reasonable travelling expenses are also disregarded in the means test.



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Example: A family with three children (ages 2 years, 5 years and seven years) in Dublin paying rent of €1200 per month and in receipt of unemployment assistance of €326.20. One member of the household takes up full-time employment of 40 hours per week with earnings of €306 per week.

Position before taking up employment:

Weekly income

Unemployment assistance	€326.20
Rent supplement	<u>€263.92-</u>
Total household income	€590.12

Position after taking up employment:

Weekly income

Earning from employment	€306.00
Rent supplement (retained at 75%)	€197.94
Family income supplement	<u>€155.40</u>
Total household income	€659.34

Note: this family also receives €460.50 per month in child benefit and from April 2006 this will increase to €485 per month as a result of increases in the budget. This payment is made irrespective of family income or employment status.

This family is better off by €69.22 per week or €3,599 per annum after taking up employment.

In future, once they are on rent supplement for more than 18 months, they will move to the new rental accommodation scheme (ras) operated by the local authorities. The rent charged under ras will ensure that they are better off in work at all income levels and will also give them more security of tenure and other benefits of a long-term social housing solution.

In addition, this family has two children aged under 6 years and will also receive the new childcare payment of €1,000 annually per child under 6 years.

Press Release Ends