MABS
Pre Budget Submission 2012

MABS Helpline
1890 283 438
Monday to Friday: 9am - 8pm
1. Introduction

The Money Advice and Budgeting Service (MABS) was established in 1992 to help people on a low income to cope with debts and take control of their own finances. It is a free, confidential and independent service. It currently comprises 53 MABS Services, located in over 60 offices nationwide. MABS is funded and supported by the Citizens Information Board.

MABS National Development Limited (MABSndl) was established in 2004 to further develop the MABS Service in Ireland. It provides training and technical support to MABS staff nationally. MABSndl also assists the MABS service in providing educational and informational supports as well as assisting in highlighting policy issues that arise in the course of the money advice work on behalf of clients. MABSndl has responsibility for the ongoing development of the MABS website www.mabs.ie and for providing the MABS national helpline service.

MABS primary concern is to enable people to avoid debt problems relating to day-to-day living expenses.

An analysis of MABS statistical data for the period 2008 to June 2011 indicates the following:

<table>
<thead>
<tr>
<th>Year</th>
<th>Information Only</th>
<th>Budget Negotiable</th>
<th>Special Account</th>
<th>Total MABS Offices</th>
<th>MABS Helpline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2,441</td>
<td>13,924</td>
<td>2,676</td>
<td>19,041</td>
<td>10,943</td>
</tr>
<tr>
<td>2009</td>
<td>3,868</td>
<td>16,476</td>
<td>2,618</td>
<td>22,962</td>
<td>24,837</td>
</tr>
<tr>
<td>2010</td>
<td>3621</td>
<td>19,057</td>
<td>2,596</td>
<td>25,274</td>
<td>27,742</td>
</tr>
<tr>
<td>2011 – Q1 &amp; Q2</td>
<td>2129</td>
<td>10,613</td>
<td>1045</td>
<td>13,787</td>
<td>16,620</td>
</tr>
</tbody>
</table>

1 Information Only involves providing a client with information in respect of, e.g., their legal rights, their social welfare entitlements etc., but does not involve any representation on behalf of the client.

Budget Negotiable is the core work carried out by MABS and involves meeting the client, engaging in a budgeting exercise with them and, in some cases, negotiating with creditors on their behalf.

Special Account is the provision of a basic payment facility to those clients who are in need of this additional layer of assistance with their finances.
- The MABS Helpline, which offers assistance to callers Monday to Friday 9am to 8pm, took over 27,700 calls in 2010, compared with 24,737 calls in 2009. In the first half of 2011 the helpline has assisted 16,620 callers.

- The demographic profile of MABS clients has remained relatively stable. Almost 70% of MABS clients are social welfare recipients, (growing from approximately 63% in 2007),

- The majority is aged between 26 and 40; female and over 60% have children.

- The number of ‘Budget Negotiable’ clients is increasing i.e. MABS is now negotiating arrangements with creditors for a higher proportion of its client.

- The number of mortgaged clients has grown and is continuing to grow as a percentage of the total caseload and now amounts to almost 40% of the client base where accommodation status is known (this compares with 35% for 2008 and 35% for 2009 and 39% in 2010). (It should be noted that not all mortgaged clients present with a mortgage difficulty but the mortgage is a consideration in such cases as there may be debts secured on the home etc.)

- At the end of 2010, 70% of all debts owed by MABS clients were owed to banks or financial institutions.

- MABS Clients with mortgages have risen from 21% of new clients in 2006 to 38% in 2010.
While there had been a declining trend in total utility debt owed over 2009, for each Quarter in 2010 we saw a growth in the total amount owed by new clients to utility companies. This trend we expect to continue in 2011.

2. The MABS Focus
A core focus of the MABS holistic approach is working with clients to achieve sustainable outcomes. Therefore, our concern is to enable people to avoid debt problems relating to ‘priority expenditure’ or day-to-day living expenses, and to ensure, where possible, actions are taken to prevent the factors which cause or compound debt problems. The non availability of employment is the greatest impediment to putting in place sustainable plans. We therefore welcomed the Jobs Initiative and we are of the view that the issues outlined in our submission, if addressed, will further support people out of work to better access opportunities as they arise and to manage their day to day living expenses.

Box 1: Priorities - Budget 2012

| 1. Reference Budget/Trigger Figures |
| 2. Sole Trader Support             |
| 3. Local Authority Mortgage Arrears|
| 4. Local Authority Rent Arrears    |
| 5. Cost of Energy                  |
| 6. Emergency Credit                |
| 7. System Anomalies                |
|   7a. Local Authority Differential Rents |
|   7b. Local Authority Subsidies    |
|   7c. Mortgage interest Supplement |

2.1 Reference Budget - Trigger Figures:
An important part of the MABS process is assisting clients with budgeting. The planning of household expenditure forms a crucial part of assisting clients to construct an affordable and sustainable budget plans as well as arriving at realistic repayment proposals for creditors.

In the present economic climate there is increased pressure on consumers to repay their outstanding debts. Consumers are under pressure on two fronts – reduced household incomes and increased demands. The pressure to reduce personal/household spending to the core in order to meet mortgage and other credit repayments is considerable and often
has severe psycho-social effects. Margaret Chan, Director of the World health organisation said in 2008 that “We should not be surprised or underestimate the turbulence and likely consequences of the current financial crisis.... It should not come as a surprise that we continue to see more stresses, suicides and mental disorders.”

The question of income retention, for what is required to allow for an acceptable standard of living, has now come into critical focus and in our view needs to be addressed. The Universal declaration of Human Rights states that “everyone has the right to a standard of living adequate for health and wellbeing of him/herself and his/her family including food, clothing, and housing and medical care”. The Governments definition of poverty adopted in 1997 states that “People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities which are considered the norm for other people in society.” In agreeing the level of income retention these are the guiding principles, in our view, that should inform any income retention levels set.

We are of the view that a pre-agreed level of expenditure for certain areas of discretionary household expenditure should be arrived at and we support, in this regard, the great work carried out by the Vincentian Partnership and others. Agreed trigger figures, based on the work mentioned above, would provide levels of income retention for which no explanation or comment was needed and would identify levels of expenditure which would be accepted as reasonable. In other jurisdictions these basic budgeting figures are often confined to a list of basic items and include figures for telephone, travel, housekeeping and ‘other’ costs. Having agreed income retention figures would bring about consensus on a number of highly subjective issues.

Since 1999 considerable research has taken place in establishing Minimum Essential Budgets for both urban and rural households in Ireland. In our view this research should form the basis for establishing national income retention guidelines.

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2 WHO World Mental Health Day 2008 Geneva
3 Article 25.1
4 www.cfs.moneyadvicetrust.org
5 Budgeting.ie
6 See ‘Handbook of Reference Budgets, ecdn 2009"
2.2 Debts of Sole Traders/Micro-enterprise\textsuperscript{7} / Access to Social Welfare Supports:

The MABS Experience

In our Pre Budget submissions for 2009, 2010 and 2011 we drew attention to the widely acknowledged fact that during the last decade or so the micro-entrepreneur/sole trader played a significant role in the economic life of both the local community and the Irish economy. These traders, many now in financial difficulty, are finding it very difficult to access low cost or free business debt advice and social supports for themselves and their families. Given some targeted help and advice some of these traders may be able to continue trading and so add to the economic recovery.

Because they traded without having the protection of a limited liability company, sole traders (e.g. contractors, construction workers, transport workers, agricultural workers etc.) now face considerable personal debts and MABS is providing a response in this regard. MABS is also regularly approached at the national level by groups representing sole traders seeking assistance, advice, materials etc. Some businesses have already folded while others are still operating, but their mortgages and utilities are falling into arrears as they struggle to make the business pay. Many were formerly on the Back to Work Enterprise Allowance, and their businesses have failed. They are now left in debt, often with potentially serious implications for themselves and their family’s finances.

While business debt does not fall within the remit of MABS, whose services are aimed at the personal and family debts, of people on a low income, there is very often no division of the finances of micro-entrepreneurs into “business” and “personal” and those presenting in MABS services often have very low or nil income. Further, they often put up their home as collateral for business loans and do not have separate accounts for home finances. This means that when things go wrong, as they often do\textsuperscript{8}, the family home can be in danger. Even if the home has not been put up as collateral, as the trader is not limited by guarantee, his/her personal assets may be subject to repossession.

It is this, together with their loss of income, and lack of capacity to cope with their debts, that brings such clients to the MABS Services. Due to lack of alternative supports, these clients can be amongst the most vulnerable. MABS can offer advice and support in relation to personal debt but cannot give the necessary advice on small business debt. The difficulties need to be resolved holistically i.e. because in these cases they are so intertwined, business and personal debts need to be looked at jointly. In the absence of

\textsuperscript{7}Unincorporated entities
\textsuperscript{8}The rate of small business failure in Ireland is estimated at between 33-41% after 5 years, source: ‘Small Business Failure in Ireland, Report to the Department of Enterprise Trade and Employment’ (2002) Fitzpatrick Associates
such support we are concerned that their business debts could grow and that salvageable enterprises may fail. (It should be noted that through its linkage with relevant professional, accountancy and legal bodies MABS can provide a conduit to limited pro bono supports.)

Access to social welfare and other supports
In our experience former sole traders are finding it increasingly difficult to access social welfare supports to meet basic living expenses for themselves and their families. This is as a result of the absence of a Tax Clearance Cert which, because of their situation, takes some weeks to obtain consequently leaving them and their families without any income.

We propose that:

a) Where a person cannot establish entitlement to Social Welfare that Social Welfare Allowance (SWA) be paid for a period of 6-8 weeks in order to tide a person over. The principle enshrined in the Social Welfare Consolidation Act 2005 regulations with respect to persons with no income to be invoked as normal practice in these cases.

b) That a free mentoring service for sole-traders/micro enterprises in difficulty be established – preferably through an existing structure such as the County Enterprise Boards and that a module be added to BASIS 18 covering core material relating to troubled micro-enterprises. 18 BASIS (Business Access to State Information and Services) was established in 2000 as part of the Irish Government Action Plan 'Implementing the Information Society in Ireland'. The Department of Enterprise, Trade & Innovation is responsible for the development of the BASIS initiative. The aim of the BASIS website is to ‘deliver Government information and services to business 24 hours a day, seven days a week, from a single access point and with a consistent look and feel.’

c) That given the change in the economic climate, and the need for the MABS to remain focused on its target group, this issue should be examined in the context of national employment strategy and consideration given to establishing a separate support unit with the requisite competence along the lines of the UK’s Business Debtline. We believe that the key stakeholders in such an initiative include the City and County Enterprise Boards. Subject to resources, and due to the cross-over between personal and business debts, MABS are prepared to assist with the development of any such initiative.
2.3 Local Authority Mortgage Arrears

Code of Conduct on Mortgage Arrears

The revised Code of Conduct on Mortgage Arrears (effective as at 01 January 2011) (the Code) issued by the Central Bank, and encompassing many of the recommendations from the Mortgage Arrears and Personal Debt Expert Group, provides for a clarity of process across the mortgage lending sector in the form of a Mortgage Arrears Resolution Process (MARP).

The Code is statutory and is enforceable against any regulated mortgage lender who does not comply with its terms. Furthermore, the Code contains obligations on lenders in respect of retention of files on MARP cases as proof of compliance with the Code.

Unfortunately, there is no such mechanism for consumers who have taken out mortgages with their local authority. The Department of the Environment, Heritage and Local Government issued guidance on dealing with mortgage arrears in March 2010 in the form of a voluntary guideline based on the Codes of Conduct on Mortgage Arrears issued by the Central Bank in 2009 and 2010. This guidance, while a step in the right direction, falls short of providing adequate protection for local authority borrowers for the following reasons:

1. It is voluntary and, as such, local authorities are not compelled to comply with all, or indeed any, of it. This results in an inconsistent approach being taken by local authorities when dealing with mortgage arrears.

2. There is little clarity of process for both local authority staff dealing with mortgage arrears and borrowers.

The current, localised, approach to mortgage arrears taken by local authorities is insufficient as a response to the current debt crisis, with 15.3% of all local authority mortgages in arrears\(^9\).

We note the commitment of the Department of the Environment, Community and Local Government in the recent (June 2011) Housing Policy Statement to “soon issue comprehensive guidance on arrears management to reflect the changes introduced by the Financial Regulator...”. We anticipate that this guidance will take the form of a mandatory Code of Conduct on Mortgage Arrears, modelled on the Central Bank’s Code mentioned above, and await such guidance in order to gauge the impact such a Code will have on MABS clients and resources.

2.4 Local Authority Rent Arrears
As a service primarily concerned with low income clients experiencing, or at risk of experiencing, over-indebtedness MABS routinely sees clients in difficulty with local authority rents. In recent months, however, MABS has seen a change in the arrears collection practices of some local authorities to a more pro-active approach which fails to take the client’s circumstances into account.

As with the collection of mortgage arrears, MABS would welcome a standardised method of arrears collection, which views the client’s circumstances holistically and aims to prevent homelessness, particularly of the most vulnerable in society.

In this regard, we refer to the Good Practice in Housing Management Guidelines for Local Authorities – Rent Assessment, Collection, Accounting and Arrears Control issued by the Department of Environment and Local Government and The City and County Managers Association in January 2001¹⁰ (the “Guidelines”).

These Guidelines apply good practice principles and contain a large number of recommendations for local authorities. Most notable at this point is Good Practice Recommendation No. 30: “Negotiating Rent Arrears Repayment Agreements – The details of rent arrears repayment will vary depending on the size of the debt and the personal circumstances and vulnerability of the individual tenant. Therefore, housing practitioners should be allowed appropriate discretion in the negotiation of rent arrears repayment agreements.”

2.5 Emergency Credit
There has been considerable contraction of providers of financial services in recent years as well as severe curtailment in the availability of credit. We are specifically concerned for people who cannot gain access to mainstream financial services. With incomes reducing, ability to save more difficult, damaged credit rating resulting in an increasing number of consumers viewed as high risk, and the reduction in the availability of credit, many are finding it increasing difficult to access small amounts of credit other than at very expensive interest rates from moneylenders¹¹. These borrowings are usually needed by low income families to meet contingency needs that arise. Loans are to buy essentials such as household appliances, furniture or clothing, to pay bills, to meet the costs of discretionary items, such as holidays, Christmas or family events and often just to make ends meet.

In the UK, through the Department of Work and Pensions, crisis loans are offered interest free to people in receipt of welfare to assist with their immediate short term needs in a

¹⁰ [http://www.housing.ie/_fileupload/Publications/GoodPractice-Rent-Assessment.pdf](http://www.housing.ie/_fileupload/Publications/GoodPractice-Rent-Assessment.pdf)

¹¹ [http://Registers.financialregulator.ie](http://Registers.financialregulator.ie)
They also offer **Budgeting Loans** which are intended to help long-term income-related benefit recipients cope with the cost of essential items like furniture and household equipment. These loan facilities are being reviewed at present in order to target them more effectively.

Ireland is one of the few countries where money advisers may provide access to credit for their clients as part of the money advice service, through the guaranteeing of loans in the local credit union, where the member does not qualify on her/his own savings record. In an initiative in 1989, the government established a revolving Loan Guarantee Fund (LGF) as part of its action plan to deal with the problems of moneylending. Its objective was to make credit available in times of need or crisis with the minimum of formality. The MABS Loan Guarantee Fund was set up originally, as part of MABS, to meet just such a need. The Loan Guarantee Fund was intended as a mechanism whereby advisers could facilitate access to affordable credit for their clients in time of need. It is the experience of MABS that even the best designed repayment plans can run into difficulty through a client's inability to raise funds to deal with unforeseen crises or emergencies (or even to cope with relatively expensive times of the year such as Christmas etc.). Though the LGF aims to address this deficiency, its effectiveness in practice has not to date been fully researched. It is our view that the Loan Guarantee Fund or a similar social lending mechanism be studied to see how the credit needs of low income families can best be addressed. Currently in MABS, there are 181 clients availing of the LGF with 63 credit unions. Of the €494,700.00 available under the scheme €175,000.00 is currently guaranteed.

Credit Unions have traditionally played a central role in providing access to small emergency and budgeting loans to their members in Ireland. Access to this source of credit has been eroded somewhat in recent year due to a change in the ethos of many larger credit unions, the more stringent regulatory requirements, damaged credit record and growing credit union membership of the Irish Credit Bureau. The availability of small loans to low income families is further restricted by the requirement that people need to save before they can borrow. In our view any review of the credit union movement must address current issues impacting on the credit union’s traditional role in the provision of saving and loan services to those most vulnerable in local communities. The strategic review of the Credit Unions, we believe, presents an opportunity to consider having personal social lending offered by credit unions placed in a separate category, limited to a certain amount and, where necessary, prioritised ahead of all other secondary debts. This would allow the prioritising of

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12 In 1999/2000, 1,680,000 applications for Budgeting Loans were received and 1,017,000 awards were made. The average size of Budgeting Loan awards was £389 (Department of Social Security Statistics 1999/2000)


some credit union debt and allowing a line of emergency credit/small loans to remain intact\textsuperscript{15}.

\section*{2.6 Cost of energy and Low income Households:} \textsuperscript{16}

The Money Advice and Budgeting Service has had over the years, but particularly now in these difficult economic times and the recent application for significant increases in gas and electricity prices, has a special interest in the impact these costs have on the clients approaching the service.

\textbf{The MABS Experience}

A study carried out by of Finglas/Cabra MABS in 2006 entitled ‘Fuel Poverty – A Local Perspective’ found that of the new clients that came to Finglas/Cabra MABS in 2004, 54% of them were considered fuel poor.\textsuperscript{17}

In the joint report of the Women’s Health Council and MABSnfdl on ‘Women, Debt and Health’ the most commonly cited main debt issue (30%) of clients approaching the MABS service was arrears on household utilities.\textsuperscript{18} This study also showed that debt to utilities occur more the lower the household income. This study’s findings and the view of the Institute of Public Health concur that those in fuel poverty and consequently in debt often live in cold and damp houses and living in such conditions has an adverse impact on health\textsuperscript{19}.

\textbf{Insights into Hardship:}

Insights into hardship, such as fuel poverty, often emerge semi accidentally rather than as a direct issue. The two short insights experienced by a money adviser in the midlands illustrate this:

\textbf{Case History 1}

\textquote{For example on Friday last, which was a very sunny afternoon I visited a seventy two year old client and his wife. We went into the sitting room from the garden to examine documentation and I commented on how pleasantly cool the room was. The husband replied that the coolness was only an advantage on days like this but unfortunately it was also a very cold room in winter. He went on to say that their tight budget allowed them to spend €200 three times per winter on oil but last winter they were particularly conscious of how much lower the level in the tank was after each fill. They were

\textsuperscript{15}Credit Union Act 199 section 44
\textsuperscript{16}Full Submission entitled ‘Cost of Energy’ sent to the Department of Social and Family Affairs in September 2008
\textsuperscript{17}‘Fuel Poverty – A Local Perspective’ by Gwen Harris of Finglas/Cabra MABS - 2006
\textsuperscript{18}12 Women, Debt and Health - A joint report of the Women’s Health Council and MABSnfdl, Autumn 2007
\textsuperscript{19}Annual Update on Fuel Poverty and Health – Institute of Public Health 2009
apprehensive about the coming winter and remarked in a light-hearted way I would probably be visiting them in the County Home”.

Case History 2
“On the previous day I had visited a separated client living in a rural Local Authority house which had a solid fuel central heating system. While teasing out the weekly expenditure she explained that €35 per week bought two bags of coal and four bales of peat briquettes. This enabled her to keep the sitting room heated all day but could not afford to run the solid fuel central heating. The cooker was lit from time to time only to heat water for baths/showers.”

Increased Energy Costs:
From June 2000 to January 2008 household electricity prices doubled (99% increase). While prices moderated/decreased in the first half of 2010 they increased again before the end of the year. The price of kerosene rose by 78% over the period 2000 to 2008 and natural gas prices increased by 87 %. (SEI Figures) and this coming winter will see the cost of electricity and gas again increase significantly.

Data from the Household Budget Survey indicates that, at least 144,171 homes were experiencing fuel poverty in 2005. In 2006 average annual spend on energy by households was €1,767, an increase of 4% on 2005 and 70% on 1990 (3.4% per annum on average). SEI figures show that 28% of those experiencing fuel poverty live in Dublin while 38% live in rural areas. Just over 12% were found to reside in other cities and a further 12% in small towns.

In the report ‘Do the Poor Pay More’ produced by OPEN and supported by MABSndl, it was found that both gas and electricity bills were a huge worry to the women participating in the focus groups. (Do the Poor Pay More – OPEN 2005)

In the joint report of the Women’s Health Council and MABSndl on ‘Women, Debt and Health’ the most commonly cited main debt issue (30%) of clients approaching the MABS service was arrears on household utilities. This study also showed that debt to utilities occur more the lower the household income. This study’s findings and the view of the Institute of Public Health concur that those in fuel poverty and consequently in debt often live in cold and damp houses and living in such conditions has an adverse impact on health.

20 From July to December 2010, householders experienced an increase of 4.2pc in electricity prices while the majority of household gas customers experienced a 6.1pc increase – SEAI report on Electricity and Gas Prices in Ireland - second semester 2010
21 A Review of Fuel Poverty and Low income Households Ch.6.2 SEI 2003
22 12 Women, Debt and Health - A joint report of the Women’s Health Council and MABSndl, Autumn 2007
One parent families make up a disproportionate number of clients approaching the MABS service. “The highest levels of fuel poverty in Ireland is found among lone parents and fuel poverty is therefore an important aspect of child poverty” Within this context, there are a number of practical measures which could be taken to reduce the cost burden of energy for people on a low income.

**Security Deposits:**
One major energy utility supplier has, as and from the 1st June, refused to accept Bonds from Community Welfare Officers to cover the cost of Security Deposits. For people on low incomes security deposits can be a considerable burden which can and does lead to considerable hardship and in some cases to unaffordable borrowings. Because of the hardship caused, and the now considerable cost of these up-front payments, we ask that consideration be given to reviewing the guidelines governing emergency need payments so that customers throughout the regions will have equal access to assistance.

**Fuel Allowance:**
People who have oil central heating find it difficult to fund a fill of oil at the beginning of the winter months. In MABS experience they often have to borrow, sometimes at expensive interest rates in order to purchase a tank or half tank of fuel. We ask that consideration be given to facilitate the recipients of the Fuel Allowance Scheme, who have oil central heating, by paying the total of the fuel allowance payments at the commencement of the allowance payments period.

**Lowest Tariff Availability:**
We are of the view that a recent proposal by the Commission for Energy Regulation to introduce debt flagging in order to stop the practice of debt hopping between energy suppliers by customers is to be welcomed. However we hope that this measure will not impact negatively on indebted consumers accessing the lowest tariff available on the market.

Most suppliers currently offer their customers the cheapest tariff if they pay by direct debit or online. This tariff is not available to those who, because of their poor circumstance, may not have a bank account or access to the internet (e.g. ESB offers savings of 16% on electricity and 6% on Gas.)

In the UK, the Government’s commitment to eradicate fuel poverty by 2016 has focused the minds of suppliers, and the energy regulator Ofgem, on how innovative tariffs can contribute to this wider policy objective. Consequently there have been a number of tariff initiatives developed by companies to address specific elements of fuel poverty. It is both necessary and timely to adopt an interagency approach to this issue. In this context we wish to draw attention to some worthwhile international initiatives such as The Energy Efficiency
Commitment (EEC) in the UK\textsuperscript{23} and The Utility Debt Spiral Project (the Melbourne Model in action) in Australia\textsuperscript{24}. The Project is based on the premise that water, electricity and gas bills can be a significant factor in personal debt spirals and the poverty trap. MABS would welcome any similar initiatives to reduce the burden of fuel costs for low income households.

\section*{2.7 Systems Anomalies}

\textbf{Local Authority Differential Rents}

MABS has previously made reference in our pre budget submission 2009 in respect of the inadequacy of the Differential Rent Scheme. Without a cohesive approach, residents in areas with a higher income formula are unduly prejudiced when compared to their counterparts in areas where the income formula is lower.

In preparation for this submission, MABS took a random sample of the application of the Differential Rent Scheme for ten local authorities and set out, below, a comparative cost analysis based on the two main income types for MABS clients – Jobseekers Allowance and Wage (for Wage we have used a family on the FIS guideline income).

\begin{table}[h]
\centering
\begin{tabular}{|l|l|l|l|}
\hline
Local Authority & Income Formula & JA (single person household) €188 & Wage (2 Adults, 2 Children) €602 \\
\hline
Ennis Town Council & 17\% less a Principal Earners Allowance & €25.50 & €100.30 \\
\hline
Cork City Council & 15\% with income disregards & €22.40 & €71.79 \\
\hline
Laois County Council & On sliding scale depending on income & €25.96 & €108.24 \\
\hline
Fingal County Council & 11\% for Principle Earner plus percentage of Second Earner, based on salary of Second Earner & €20.68 & €66.22 \\
\hline
Castlebar Town Council & 20\% with income disregards & €19.70 & €103.60 \\
\hline
Donegal County Council & 1/7 of assessable weekly income if under €200 1/6 of assessable weekly income if over €200 & €26.90 & €72.60 \\
\hline
\end{tabular}
\caption{Comparative Analysis of Differential Rent Formulae – Sample Local Authority Areas (June 2011)}
\end{table}

\textsuperscript{23} http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/Pages/EnergyEff.aspx
<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Methodology</th>
<th>Rent Allowance</th>
<th>Disconnection Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tullamore Town Council</td>
<td>22% of assessable income</td>
<td>€26.00</td>
<td>€112.64</td>
</tr>
<tr>
<td>Westmeath County Council</td>
<td>22% of assessable income</td>
<td>€26.00</td>
<td>€108.24</td>
</tr>
<tr>
<td>South Dublin County Council</td>
<td>10% of household income + €1.00</td>
<td>€19.80</td>
<td>€60.20</td>
</tr>
</tbody>
</table>

MABS welcomes the approach taken by many of the above named local authorities to dealing with hardship cases on a case by case basis; however we would welcome uniformity in this area if assistance is to be of real benefit.

Again, we refer to the Guidelines considered above, in particular Good Practice Recommendation No. 7: "Local authorities should ensure that their differential rent scheme includes a 'hardship clause' which makes provision for the acceptance of a lower rent than that required under the terms of the scheme, in exceptional cases where payment of the normal rent would give rise to hardship."

**Fuel Allowance Entitlement**

Job seekers benefit (JSB) is now paid for a 12 month period and then claimant is transfer to Job Seekers Allowance (JSA); however the rules for fuel allowance dictate that you must be in receipt of Long term JSA which means that claimants go without fuel allowance for an additional three months before they receive payment. This obviously causes issues with regard to fuel poverty and the unequal treatment of unemployed people as opposed to other social welfare recipients. Can this inequality be raised at the relevant forum and the 15 month rule be abolished. Also JSB should qualify as the rates are the same as SWA and JSA.

**Rent and Mortgage Subsidies**

MABS is conscious of the psychological, as well as financial, impact losing a job can have. This impact is further compounded by the delays in receipt of payments, particularly where these payments are in relation to accommodation.

MABS Advisers aim to support clients to protect a standard of living for themselves which is acceptable and, at minimum, is above the poverty line including the prevention of homelessness or fuel disconnection, the loss of essential goods or services or the loss of liberty, the retention of social welfare payments, a perspective which is reflected in the following wording taken from the National Action Plan on Social Inclusion 2007 - 2016:
People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally.

Accordingly, MABS would welcome a review of both the Housing (Rent Subsidy) Regulations, 2005 and the Housing (Mortgage Subsidy) Regulations, 2005 which provide, as one criteria, for assistance to be granted to those whose income in the preceding tax year was €28,000 or less. Therefore, the recently unemployed, who are in most need of assistance, must wait a year to become eligible for the subsidy if they earned more than €28,000 per annum while employed.

Mortgage Interest Supplement

Barrier to Employment

There has been much focus on Mortgage Interest Supplement in the recent months. MABS welcomed the report on the Review of the Mortgage Interest Supplement Scheme, issued by the Department of Social Protection in July 2010 and eagerly anticipates the implementation of the recommendations made therein.

MABS is particularly concerned that the eligibility criteria for Mortgage Interest Supplement (“MIS”) be reviewed as a matter of urgency, as we believe that Article 6 of the Social Welfare (Consolidated Supplementary Welfare Allowance) Regulations, 2007 (“Regulations”) which provides that “MIS will cease 30 days after commencement of employment or the date on which the claimant first receives remuneration, whichever is the sooner”, acts as a significant barrier to employment where remuneration for employment is less than or equal to the amount of MIS granted.

Furthermore, the effectiveness of Article 6(3) of the Regulations, which provides that “a person shall be regarded as being engaged in remunerative full-time work where he or she is so engaged for not less than 30 hours per week”, would be greatly improved if it referred to an income limit / means test, rather than set hours.

This issue is further compounded by the fact that, where the property is jointly owned and mortgaged in joint names, MIS will not be granted if one spouse loses their employment (section 198 (6) of the Social Welfare (Consolidation) Act, 2005).