



INFORMATION SERVICE

MINISTER LAUNCHES NEW INITIATIVE ON MONEYLENDING

The Minister for Social Welfare, Mr. Charlie Mc Creevy, TD, today announced the establishment of 5 pilot projects to tackle the problems of moneylending. The projects are being set up in Dublin, Cork, Limerick, Waterford and West Clare.

£260,000 has been allocated and the Minister today formally handed over cheques to each of the projects. This will enable work to begin immediately.

Under the new scheme local groups who have already been involved in this work will expand their efforts and try out a variety of new and different approaches to tackling the problem of indebtedness among low income families.

"The emphasis will be on identifying approaches that succeed in reducing dependence on moneylenders over the long term and are capable of being replicated on a wider scale," the Minister said.

The initiative follows on the experience of the Loan Guarantee Fund which was set up in 1990 and which continues to operate.

"The five areas will function as part of a co-ordinated project, while still allowing for local variations in structure and emphasis. There will be arrangements for sharing of experiences and information on progress at the level of a national steering committee," the Minister said.

The key features of the pilot projects are:-

- * a general money advice element including publication of a leaflet on debt advice,
- * families with particular problems will be identified and a full-time worker will be available to them, giving advice and helping them work their way out of debt,
- * a prominent role will be played by local statutory agencies, local community groups, credit unions, etc.,

"In particular I was keen to tap into the experience which has been gained by Community Welfare Officers who meet these problems very directly in their day-to-day work", the Minister said.

The primary client group are social welfare recipients and other low-income families. The scheme will be budget-based, clients will be assisted in working out a weekly budget and repayment schedule to get their debts under control, including

re-negotiating with moneylenders. They will also be encouraged to build up a record with the local credit union to provide access to credit for Christmas, first communions, and other times of need.

"The road to escape from indebtedness for low-income families is a long and difficult one and escape depends on an education process and building up a record with a local credit union as an alternative source of credit," the Minister said.

"The experience has been that giving money to clear existing loans can leave the client in a position where he/she can find it impossible to resist going back to the moneylender for a new loan. Very quickly a person can find him/herself in the same position again.

"The projects I have announced today are a positive example of partnership between various State agencies and the voluntary sector for the good of the community as a whole", said the Minister.

Details of the five projects are below. Each of the projects will be managed by a committee drawn from a wide range of local statutory and voluntary organisations.

Clare: The Project will focus on the West of the county, Kilrush and environs. A temporary Community Welfare Officer will be employed by Clarecare to provide a service, in conjunction with the local Credit Union,

targeted at helping particular families in trouble with moneylenders as well as providing a wider education service for the local community as a whole.

Cork: The Project will cover the entire city. Brendan Roche, who has been active in combating the problems of moneylending for many years and pioneered the "Lough" method", will be seconded by his Credit Union to extend the service at present provided by the Lough Credit Union throughout the city. The Health Board and various voluntary bodies will be involved in the initial contact and referral stage.

Limerick: The Limerick Project will cover the entire city. The Health Board will extend a service at present provided in the Southill area, in conjunction with the Credit Union and the Community Sister, throughout the city. The PAUL Partnership will establish a general money advice and information service and work closely in this regard with a range of statutory and voluntary bodies in the city.

Waterford: The Project will cover the Ballybeg estate and will build on an existing service provided by the Society of Saint Vincent de Paul. The Health Board will employ a temporary Community Welfare Officer who will provide a debt management service in conjunction with SVP and the Credit Union.

Dublin: The Dublin Project will be located in a local authority estate on the west side of the city. A Community Welfare Officer will work in conjunction with the local Credit Union to provide debt counselling and a financial advice service. A Homemaker will also work on a one-to-one basis and provide advice and guidance in budgeting, home management and parenting skills.

"I have also been examining ways of introducing services aimed at assisting people on social welfare payments in making the most effective use of their income", the Minister said.

In 1991 provisions were included in the social welfare legislation to allow for deductions to be made from social welfare payments with the claimants consent. The amounts deducted could then be paid over to the utilities concerned to assist in meeting bills such as ESB, gas and local authority rent.

"I have asked An Post to develop the household deduction facility as part of the development of their services to social welfare clients and I am happy to say that they are well advanced with this project. They have secured agreement from the utilities and are working closely with my Department on the proposed system. It is our intention to have this facility available from next January. It will initially be available on a limited basis in Dublin but the intention is to extend this facility as quickly as possible to all areas of the country.

"Such a scheme will have benefits not only for our clients but for the utilities themselves as it will help in reducing their arrears problem and their collection costs. Such benefits will in turn be passed on to our clients in terms of better credit standing with the utilities and I'm sure consideration will be given to allowing discounts for clients who use the deduction facility", the Minister said.

ENDS

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