SOCIAL WELFARE AND PENSIONS BILL 2008

SECOND STAGE

DÁIL ÉIREANN

SPEECH

by the

MINISTER FOR SOCIAL and FAMILY AFFAIRS
MARTIN CULLEN, TD

12 February 2008

Introduction

I move that the Social Welfare and Pensions Bill 2008 be now read a second time.

I am very pleased to introduce this, the second of two Bills which will implement the social welfare package of €900 million announced last December in Budget 2008. This generous package, representing nearly half of all additional current Government spending announced in last December's Budget, brings total expenditure on social welfare in 2008 to just under €17 billion.

This Bill provides for the implementation of certain social welfare improvements announced in Budget 2008. It also contains the statutory basis for the administration of the Blind Welfare Allowance and the Domiciliary Care Allowance by the Department of Social and Family Affairs. These schemes are currently administered by the Department of Health and Children and their transfer is part of the Government's health service reform programme. In addition the Bill provides for miscellaneous amendments to the Social Welfare Consolidation Act 2005, the Pensions Act 1990, and consequential amendments to the Family Law Act 1995 and the Family Law (Divorce) Act, 1996.

Child Income Support

The Social Welfare Budget package set aside nearly €148 million, or €194 million when the Early Childcare Supplement is included, to improve the range of supports provided for children. Budget 2008 provided increases of 6% or above in overall child income support through a combination of Child Benefit, Qualified Child increases, Back to School Clothing and Footwear Allowance and the Early Childcare Supplement. The impact of these measures is best illustrated by way of an example. Take the case of a social welfare-dependent family with three children, one of them under six years of age and another over twelve years of age. As a result of Budget 2008, the combined value of child support payments to that family will increase by €718 in a full year, bringing their total child income support to over €12,000 next year. This equates to an income support payment of €77 per child per week and represents an increase of over 6% in the value of their current payments.

The policy direction followed by successive Governments in recent years included the dedication of substantial resources to the universal Child Benefit scheme. This represents part of an ongoing objective of reforming income support for children in order to reduce work disincentives by making child income support more neutral vis-à-vis the employment status of the parent. The policy focus was driven, in part, by the recognition that the loss of Qualified Child Increases by social welfare recipients on taking up employment could act as a disincentive to taking up available work opportunities.

The introduction of the National Minimum Wage (from 2000) together with improvements in the in-work FIS scheme in recent years, including the re-focusing of FIS income thresholds on larger families from January 2006, have further reduced the impact of the loss of Qualified Child Increases (QCI) in the decision to take up full-time employment. In view of these changed circumstances, QCI rates were increased somewhat in 2007 and 2008, the first such increases since 1994.

The Agreed *Programme for Government* also contains a series of welfare reforms aimed at prioritising the interests of families and children.

Under the terms of an earlier Social Partnership agreement, the National Economic and Social Council (NESC) was asked to examine the feasibility of merging the family income supplement with qualified child increases with a view to creating a single second tier child income support. Such a payment would be aimed specifically at targeting child poverty by channelling resources to low-income families without creating significant disincentives to employment. This commitment to examining such a change was embodied in subsequent social partnership agreements including the current *'Towards 2016'.*

The NESC has decided not to adopt a definitive position on the issue and has instead recently published a Paper in its Research Series, setting down the complex policy and technical challenges that are involved. I expect that the paper will helpfully inform further developments in this area.
The importance of targeted income support to families and children continues to be a high priority for me and for this Government and recent changes have seen substantial improvements in this area.

Budget 2008 provided for payment of an additional €2 per week in the Qualified Child Increase, formerly called the Child Dependent Allowance, which is paid to all social welfare recipients with children. It also provided for increased weekly income thresholds for all FIS family sizes with additional resources being directed at larger families, as research has shown that this is where poverty is more likely to exist. These improvements will benefit some 26,500 existing families and entitle a further 2,700 families to the payment.

These changes represent a more selective approach to child income support through targeting children in poorer households while at the same time limiting the extent to which employment disincentives are increased. Maintaining this balance will remain a priority in consideration of future policy changes in this area.

I am also pleased to continue the policy of increasing child benefit this year. This Bill provides for an increase of €6 in the lower monthly rate of Child Benefit and €8 in the higher rate bring the new monthly rates to €166 for each of the first two children and to €203 for the third and subsequent children. The increase in Child Benefit will be effective from April 2008 and will benefit more that **570,000** families in respect of approximately **1.1 million** children.
The Bill on behalf of the Minister for Children, also provides for an increase of €100 in the annual rate of Early Childcare Supplement bringing the annual rate to €1,100 and the quarterly rate to €275. This increase will apply from the first quarter of 2008 and will benefit some **420,000 to 430,000** children by the end of 2008.

Supporting Lone Parents
The Government discussion paper, *Proposals for Supporting Lone Parents,* recommended expansion of the availability and range of education and training opportunities for lone

parents, an extension of the national employment action plan to focus on lone parents and the introduction of a new social assistance payment for low income families with young children.

Recognising the high levels of consistent poverty among lone parent families, the report also recommended that the upper income limit for the receipt of the new social assistance payment should be €400 per week. Budget 2007 realised this increase and I am happy to go further in this Bill by increasing the upper earnings limit for qualification for the One Parent Family Payment to €425.

The EU Survey of Income and Living Conditions statistics for 2006 suggest that we have still some way to go in alleviating the risk of poverty faced by many lone parents. I am still convinced that the long-term aim of the proposed new social assistance payment - to help people to achieve financial independence by supporting them into training and education and enabling them to enter the labour force - offers the best way out of poverty and social exclusion.

As I have recently reported to the house, the development of any new scheme to support low income parents can only be introduced when the necessary co-ordinated supports and services are put in place on the ground by other Departments and Agencies.

This is why the non-income recommendations contained in the discussion paper are currently being tested in two areas: Coolock and Kilkenny. These tests are focused on identifying and resolving any practical and administrative issues that may arise in advance of the scheme being introduced. The tests are now scheduled to run until at least the end of February, with a report then being made to the Cabinet Committee on Social Inclusion. The tests will allow for operational and logistical co-ordination between the relevant Departments and Agencies to be considered and will facilitate the development of the policy and operational details of the new social assistance scheme and accompanying supports.

Carers

As we all know, carers play a critical and much valued role in ensuring that our older people and people with disabilities can remain in their own homes for as long as possible. Supporting and recognising carers in our society is and has been a priority of the Government since 1997. Let me assure you that we are committed to supporting care in the community to the maximum extent possible.

This commitment to carers has been reinforced in the national partnership agreement *"Towards 2016"* and in the *Programme for Government* which both include significant commitments in the area of caring. These include commitments to increase the level of the respite care grant, to keep the scope for further development of payments to carers under review and to ensure that those on average industrial earnings can continue to qualify for carer's allowance. The Bill provides for an increase in the Respite Care Grant of €200 bringing the value of the grant to €1,700 for each care recipient. This measure will benefit over 48,000 carers in 2008. The increase in the Respite Care Grant will take effect from June 2008.

Half Rate Carer's Allowance
The primary objective of the social welfare system is to provide income support. As a general rule only one weekly social welfare payment is payable to an individual. Persons qualifying for two social welfare payments receive the higher payment to which they are entitled. This had been a cause of particular concern to people in receipt of a social welfare payment when they became carers. As you know, Budget 2007 provided for a fundamental reform of the social welfare system for carers in this regard.

Under the new arrangements which came into effect in September 2007, people in receipt of certain social welfare payments other than carer's allowance or benefit who are providing someone with full time care and attention can now retain their main payment and receive another payment, depending on their means, the maximum of which is equivalent to a half rate carer's allowance.

These new arrangements apply to almost all weekly social welfare payments and to people in receipt of qualified adult allowances. The beneficiaries of these new arrangements are people currently in receipt of carer's allowance who may have an underlying eligibility for another social welfare payment, such as state pension (contributory) and people currently in receipt of other social welfare payments who are also providing full time care and attention who may now qualify for an additional payment.

To date, almost 7,000 additional carers have benefited from these new arrangements.

National Carer's Strategy
One of this Government's key commitments is to the development of a *National Carer's Strategy.* This strategy will focus on supporting informal and family carers in the community. While social welfare supports for carers will clearly be a key issue in the strategy, other issues such as access to respite and other services, education, training and employment will also feature strongly.
Co-operation between relevant Government Departments and agencies is essential if the provision of services, supports and entitlements for carers is to be fully addressed. For that reason all relevant departments and agencies are involved in the strategy and there will be appropriate consultation with the social partners.

An inter-Departmental working group has been established to draw up the strategy. The group is chaired by the Department of An Taoiseach with the secretariat provided by the Department of Social and Family Affairs. It includes officials from the Departments of Finance, Enterprise, Trade & Employment; Health & Children, as well as the HSE and FÁS. The expertise of other Government Departments and agencies will be called on as required.

It is expected that the strategy will be completed by mid-year.

The recent improvements in the income supports available from the Department together with the improvements in home care and related services provided by the Minister for Health and

Children in recent Budgets, represent a further realisation of our vision of a co-coordinated approach to services and supports for carers in the community. The development of a national carer's strategy provides us with an opportunity to build further on these improvements and to consider other areas where progress can be made.

Blind Welfare Allowance/Domiciliary Care Allowance

The transfer of the administration of Blind Welfare Allowance and Domiciliary Care Allowance to the Department of Social and Family Affairs will enable both the Health Service Executive (HSE) and the Department to achieve a number of benefits. From the HSE's point of view the transfer will allow it to concentrate on its core health functions and in particular on other aspects of its reform programme.

From my Department's point of view, the transfer will provide opportunities for enhanced customer service and more effective and co-ordinated administration of income support payments.

The legislation included in the Bill provides a framework as regards eligibility to these payments. It provides a set of clear and detailed guidelines which will apply to the administration of Domiciliary Care Allowance and Blind Welfare Allowance. Accordingly mainstream income support eligibility and assessment criteria will be applied.

Most recipients of Domiciliary Care Allowance and Blind Welfare Allowance are also in receipt of Child Benefit or another social welfare payment and are therefore already customers of my Department. The transfer will make it easier for my Department to increase awareness of its services and to give information on access and entitlements to all its payments. The transfer will in effect mean that a person's income needs will be dealt with in one Department.

It has been decided that both payments will transfer in the first instance on an "as is" basis. The rationale is to ensure that the transfer of both payments runs as smoothly as possible and without any disruption in service to recipients of these payments. This approach will also ensure that any necessary linkages between the income support and health systems are preserved.

The transfer will be achieved through appropriate adjustments being made in manpower levels in the Department of Social and Family Affairs and the Health Sector. This will be done on an exchequer and staff numbers neutral basis.

The legislation contained in this Bill does, however, propose to remove the existing means test for Domiciliary Care Allowance that is applied solely to the income of the child. I did not feel that it was appropriate to include this part of the existing scheme in the proposed legislation and on transfer of Domiciliary Care Allowance this means test would no longer be applied.

The transfer of these payments within mainstream income support legislation is an appropriate development and one which will provide a more streamlined, consistent, and efficient customer oriented service to recipients of both Domiciliary Care Allowance and Blind Welfare Allowance.

Pensions Policy

The House will be aware that the *Green Paper on Pensions* was launched in October 2007, following an intensive review of the pension system by several Government Departments and the Pensions Board. Publication of the *Green Paper* was a *Towards 2016* commitment and the document comprehensively addresses issues relating to social welfare and supplementary pensions in Ireland. The *Green Paper* does not recommend any particular course of action but rather sets out the challenges facing our pension system now and in the future.

It clearly sets out the current situation and the implications from an economic and social perspective, of various courses of action which have been suggested.

Views are being sought on the issues raised in the *Green Paper* through a consultation process which is underway since its publication. This process is being facilitated through the website, *www.pensionsgreenpaper.ie.* The website allows a person to make a submission and gives them the opportunity to express their views on the very important issues raised in the *Green Paper.* The website also provides information on the *Green Paper* and on upcoming events relevant to the consultation process.

Forty-seven submissions have been made through the web site to-date. Interested parties can also make submissions direct to my Department and of course, I welcome all deputies to use this consultation process as an opportunity to express their views on this very important issue.

In addition, my Department has organised a number of regional seminars which will take place in Dublin, Waterford, Cork, Tullamore and Sligo during the last week in February and the first week of March. These seminars will be followed by a major conference in Dublin in May.

The consultation process will provide important and valued input to the process of developing a framework for comprehensively addressing the pensions agenda over the longer-term. The Government plans to develop this framework by the end of 2008.

Provisions of the Bill

I will now outline the main provisions of the Bill, which includes new measures, amends the Social Welfare Consolidation Act 2005, the Pensions Act 1990, and a small number of other Acts.

Amendments to the Social Welfare Code:

Sections 1 and 2 provide for the short title, construction, collective citation and commencement provisions of the Bill and contain definitions of certain terms as they apply throughout the Bill.

Section 3 provides for an increase of €6 in the lower monthly rate of Child Benefit and €8 in the higher rate bringing them respectively to €166 and €203 per month. The increase in Child Benefit will be effective from April 2008. Families who receive the monthly payment via their bank accounts will receive the Budget increase from April 2008, while those who receive payment via Personalised Payable Order books en-cashable at post offices will be paid, as has been the case in previous years, in the first week in May 2008 backdated to April 2008.

Section 4 provides for an increase of €100 in the annual rate of Early Childcare Supplement bringing the annual rate to €1,100 and the quarterly rate to €275. The increases will apply from the first quarter of 2008.

Section 5 provides for the implementation of Council Regulation 259/68 to allow an official employed in an EC institution to transfer the actuarial value of their pension rights from the Social Insurance Fund into the Pension Scheme of the European Communities' Institution (PSEC) and for the transfer of the actuarial value of their pension from the PSEC to the national system. Currently a person employed by a European Commission institution is not covered by the protection that normally applies to EU citizens under EU Regulation 1408/71 which ensures that other Member States take account of PRSI contributions paid in Ireland. This section makes provision to enable the transfer of any such contributions from the Social Insurance Fund to the PSEC. It also provides for the transfer of contributions from the PSEC to the Social Insurance Fund.

Section 6 provides that a person transferring back to Illness Benefit from Invalidity Pension will be entitled to a full personal rate of Illness Benefit where they have the required number of contributions in the Relevant Tax Year.

Section 7 provides that a person moving from Disability Allowance to State Pension (Non-Contributory) at age 66 will not receive a lower rate of payment due to a less favourable capital disregard on the State Pension (Non-Contributory) scheme.

Section 8 raises the earnings limit for receipt of One-Parent Family Payment to €425, as announced in Budget 2008. It also makes provision for the income to be assessed in a manner to be prescribed by regulations. The regulations will provide for the disregard of social insurance contributions, health contributions, superannuation contributions and trade union subscriptions for the purposes of assessment of earnings for One-Parent Family Payment.

Section 9 increases the Respite Care Grant to €1,700 as announced in Budget 2008. The increase will apply from 5 June 2008.

Section 10 provides for the deletion of the out-dated term "penal servitude". It also provides that a person shall not be considered to be detained in legal custody for the purposes of entitlement to Disability Allowance when he or she is detained for treatment under an admission order or renewal order made under the Mental Health Act 2001, or an order made under section 38 of the Health Act 1947, or an order made under section 4 or section 5 of the Criminal Law (Insanity) Act 2006, or an order made under section 17 of the Lunacy (Ireland)

Act 1821, or an order made under section 2 of the Trial of Lunatics Act 1883 and that these provisions which are beneficial to the individuals affected will be deemed to have come into effect on 1 June 2005.

Section 11 provides that a "Homemaker" may include a person who is resident in the State or who is, or is the spouse of, a member of the Defence Forces or a civil servant in the civil service of the Government or the State, is in the service, outside the State, of the Government, the State or an international organisation, or is a volunteer development worker. The section also provides that a Deciding Officer may decide the question as to whether or not a person is to be deemed a homemaker at any time.

Sections 12, 13 and 14 set out the conditions for entitlement to Blind Welfare Allowance, the rates of payment, the provisions for the calculation of means, the consequential amendments and the transitional provisions to allow for the transfer of the administration of the scheme from the Department of Health and Children to the Department of Social and Family Affairs with effect from early 2009.

Sections 15, 16 and 17 set out the conditions for eligibility for receipt of Domiciliary Care Allowance, the rates of payment, the consequential amendments and the transitional provisions to allow for the transfer of the administration of the payment of an allowance for the domiciliary care of children from the Department of Health and Children to the Department of Social and Family Affairs with effect from early 2009.

Section 18 clarifies the provisions in relation to appeals of Supplementary Welfare Allowance, inserts amended provisions in relation to the administration of Supplementary Welfare Allowance including the transitional provisions for the continuation of payments under the Supplementary Welfare Allowance (SWA) scheme as determined by the Health Service Executive on the transfer of the operation of the scheme to the Department of Social and Family Affairs.

Section 19 clarifies the late claims provisions in relation to Respite Care Grant.

Section 20 clarifies the provisions concerning the making of regulations relating to payment to persons other than the claimant or beneficiary.

Section 21 corrects an omission from the Social Welfare and Pensions Act 2007.

Section 22 amends section 343 of the Principal Act by removing the provision that a decision on any question relevant to criminal proceedings shall be *conclusive* for the purposes of such proceedings and replacing it with the fact that any such decision shall be admissible as evidence in such proceedings.

Section 23 provides for a technical amendment to correct the text inserted by the Social Welfare and Pensions Act, 2007.

Section 24 provides for the disregard, for the purposes of Rent and Mortgage Interest Supplement of any amount of Carer's Benefit in excess of the basic rate of Supplementary Welfare Allowance (in line with current arrangements for Carer's Allowance). It also provides for changes in the rules for the calculation of the income disregard. The legislation is being amended to clearly state that the disregard applies to all income and to clarify that additional income includes earnings, Family Income Supplement and all maintenance.

Section 25 provides for miscellaneous amendments to the Social Welfare and Pensions Act 2007.

Amendments to the Pensions Act 1990

These changes mainly arise from the recommendations of the "Report of the Pension Board to the Minister for Social and Family Affairs on Trusteeship." The report was published in November 2006. The recommendations in this report are aimed at enhancing both the governance of occupational pension schemes and the protection of the pension rights of scheme members.

These changes will facilitate the implementation of recommendations in this report.

Section 26 provides for the definition of Principal Act for the purposes of Part 3.

Section 27 proposes to bring registered third party administrators of pension schemes under the remit of the Pensions Act. Third party administrators are currently unregulated in terms of scheme administration work carried out on behalf of the trustees of pension schemes.

The Pensions Act is being amended to bring such third party administrators within the remit of the Act in relation to certain core functions that they perform on behalf of trustees. Pension scheme administrators will now be required to register with the Pensions Board before they can carry out these core functions and the Pensions Board will have responsibility to audit administration service standards and to remove registration or apply sanctions if required standards are not met.

Section 28 provides for enhancements to the existing provisions in relation to the training of trustees of pension schemes as recommended in the report of the Pensions Board on Trusteeship. While trustees are required, at the moment, to disclose in their annual report whether they have access to trustee training, continuous and quality training is not compulsory and research has indicated that ongoing quality training is not the norm. The proposed amendments will put an obligation on employers to arrange trustee training for each individual trustee within six months of their appointment and at least every two years thereafter and will put an obligation on trustees to undertake this training.

Section 29 and Schedule 2 provides for a number of miscellaneous amendments to the Pensions Act 1990 which are mainly technical in nature.

Amendments to Other Acts

The Bill provides for a small number of amendments to other Acts as follows:

Section 30 and section 31 of the Bill provides for consequential amendments to the Family Law Act 1995 and the Family Law (Divorce) Act 1996 to mirror the amendments made above to the Pensions Act 1990 in relation to the definition of "Defined contribution scheme".

Conclusion

I commend the Bill to the House and look forward to a constructive debate.

ENDS