



**SOCIAL WELFARE (MISCELLANEOUS
PROVISIONS) BILL 2010**

SECOND STAGE

DAIL ÉIREANN

SPEECH

by the

MINISTER FOR SOCIAL PROTECTION

ÉAMON Ó CUÍV T.D.

16 June 2010

Introduction

Tairgim go léifear an Bille Leasa Shóisialaigh (Forálacha Ilghnéitheacha) 2010 an dara huair.

I move that the Social Welfare (Miscellaneous Provisions) Bill 2010 be read a second time.

General

Ba mhaith liom a rá ar dtús báire go n-aithníom go maith na riachtanais atá ag na daoine atá dífhostaithe faoi láthair. Tuigim go maith freisin go bhfuil go leor dreamanna eile ag brath ar an mbuiséid leasa shóisialaigh – daoine le míchumas, cúramóirí agus pinsinéirí. Ba mhaith liom a dheimhniú don Teach go ndéanfaidh



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an Rialtas ár seacht ndícheall chun aire a thabhairt do na daoine leochaileacha sa tír. At the outset, I want to say that as Minister for Social Protection I am very conscious of the needs of unemployed people. I also fully understand that a wide range of other groups – such as people with disabilities, carers and pensioners – depend on the welfare budget for vital support. And I want to assure the House that the Government, in the context of a very tough budgetary environment, will continue to do its utmost to protect the most vulnerable people in Irish society.

The Government is proud of its unrivalled record in increasing the level of social welfare payments. Over the last twelve years, we have increased pension rates by about 120 per cent, unemployment benefits by almost 130 per cent and child benefit payments by over 330 per cent. The cost of living has increased by about 40 per cent over the same period. We extended coverage, removed barriers, and increased entitlements such that the level and extent of social support payments has been transformed beyond recognition. Continuing to reflect the trend of recent years and re-affirming Government's commitment to all those in need of support, €20.9 billion will be spent by Government in 2010 on social welfare provision - €500 million or 2.45% more than 2009.

Changes to jobseeker's allowance and supplementary welfare allowance in certain circumstances.

Unemployment among the young is a particular concern for the Government. We want to encourage them to stay close to the labour market while at the same time providing a rate of assistance that compares very well with other jurisdictions, particularly with payments in the counties of Northern Ireland and in Great Britain. The Minister for Finance in his Budget statement announced the introduction of certain targeted changes in relation to jobseeker's allowance and supplementary welfare allowance. Specifically, he announced that the rate would



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be reduced to €150 per week where job offers or activation measures have been refused. Sections 17 and 18 of this Bill provide for these changes.

In order to incentivise participation in training and education programmes and programmes provided under the National Employment Action Plan, referred to as the NEAP, the rates of jobseeker's allowance and supplementary welfare allowance are being reduced where someone, without good cause, refuses to participate in a course of training arranged by this Department or FÁS, or refuses to participate in any NEAP process.

When commenced, these measures will work in tandem with the integration of FÁS functions into my Department, and other initiatives such as customer profiling, as part of a strong focus on employment. The Government's aim is to ensure that, despite the high number currently on the live register, long term systemic unemployment and welfare dependency will not be allowed to take hold.

Under the measure a penalty of €46 will be applied to the individual's headline rate of jobseeker's allowance or supplementary welfare allowance, if he or she refuses or fails to avail of a suitable activation measure. Penalty rates of €35 and €25, respectively, will apply in the case of younger jobseekers already on reduced rates of €150 and €100 per week. The application of this measure to the under 25s may appear harsh. However, clear evidence is emerging that the reduced rates have been very successful in incentivising young people to take up training and education. Therefore, I want to ensure that the small but significant cohort who refuse these opportunities cannot continue to remain outside of the activation process. It is essential that these young people avail of training and employment opportunities and therefore we are increasing the financial incentive for them to do so.



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In keeping with focus on activation, I would stress to the House that, these rates will only apply where the primary social welfare payment relates to jobseeking – no other schemes are under the scope of these provisions. In addition, primary payments only are affected – rates for child and adult dependants, where payable, remain unchanged if a claimant is subject to a penalty rate.

I am also bringing forward a new provision for full disallowance where a jobseeker has refused an offer of suitable employment. This provision is intended to strengthen the existing legislative provision whereby full disallowance may be imposed if the recipient is not genuinely seeking work. This will not alter the position of the majority of jobseeker's allowance recipients.

One-Parent Family Payment changes

As I mentioned previously the Bill provides for changes to the one-parent family payment. The Government believes that the current arrangements, whereby a lone parent can receive the one-parent family payment until their child is 18, or 22 if in full-time education, without any requirement for them to engage in employment, education or training, are not in the best interests of the parent, their children or society.

Despite improvements made to the one-parent family payment over the years and significant spending on supports to lone parents, a large proportion of lone parents and their children are still experiencing poverty. The child of a lone parent is four times more likely to be in consistent poverty than the population overall.

In general, the best route out of poverty is through employment. We recognise that work, and especially full-time work, may not be an option for parents of

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young children. However, we believe that supporting parents to participate in the labour market, once their children have reached an appropriate age, will improve both their own economic situation and the social well-being of themselves and their families.

The Department has undertaken a comprehensive review of the one-parent family payment and developed proposals which are designed to:

- Prevent long-term dependence on welfare and facilitate financial independence;
- Recognise parental choice with regard to care of young children but with the expectation that parents will not remain outside of the labour force indefinitely, and
- Include an expectation of participation in education, training and employment, with supports provided in this regard.

To meet these social policy objectives, I am introducing the changes outlined to the one-parent family payment in section 24 of the Bill.

For **new customers**, from 2011, it is proposed that the one-parent family payment will be made until the youngest child reaches age 13 years. The majority of new customers for the one-parent family payment are parents of new born babies; therefore the changes in the payment from next year will not affect them until 2024 –when their youngest child reaches his or her 13th birthday.

For **existing customers** there will be a **tapered 6 year phasing out period** to enable them to access education and training, to prepare them for their return to the labour market. Therefore, the age 13 cut-off point will only come in to effect for existing customers six years from now, in 2016. For existing customers, the



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age 18 cut-off point will remain for 2011 and 2012. In 2013 it will be 17 years, in 2014, 16 years, in 2015, 15 years and in 2016, 13 years.

If the child is in full-time education there is also a special provision for existing one-parent family payment recipients. In this case, payment will continue until the end of the 2012 – 2013 academic year or until the child reaches age 22 - whichever is the earlier.

To encourage participation in education and employment, from the enactment of the Bill up to the end of 2016, existing customers who leave the scheme to take up employment or a course of education will be allowed back on the scheme under the new age conditions of the phasing out 6 year period, if they subsequently lose their job or their scheme of education finishes.

When the youngest child reaches age 13 years if the parent is still in need of income support, they could claim jobseeker's allowance or another appropriate income support payment, or if in employment, family income supplement.

Under the reformed scheme there will be a special provision for families with children for whom domiciliary care allowance is paid. They will be paid one-parent family payment until their child reaches age 16 and at which point the child can claim disability allowance in his or her own right.

There is also a special provision for both married and co-habiting persons who are recently bereaved and who have children aged 13 years or older. They will receive the payment for up to 2 years, or until their youngest child reaches age 18, to enable them to come to terms with their changed circumstances.



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The Government is conscious that many lone parents will need access to education, training and enabling services such as childcare provision in order to acquire the skills they will need to gain employment. There are a wide range of education and training opportunities available through my Department, the Department of Education and Skills and FÁS for lone parents to strengthen their qualifications and skills base and thus maximise their chances of gaining employment.

With regard to childcare, the Government invested some €1 billion over the last decade in developing a childcare infrastructure. As a result of this, some 65,000 childcare places will be in place this year. A revised community childcare subvention scheme is due to be introduced in September, 2010. This new scheme will have a labour activation focus and will strengthen child care supports available to lone parents. Importantly for lone parents, after-school services and homework clubs are to be included in the services provided.

Internationally there is a general movement away from long-term and passive income support, for example, in the United Kingdom lone parents are required to seek work when their youngest child reaches age 10. From October 2010, the minimum age will be further reduced to 7. In Norway, Sweden, Germany and Italy there is a work obligation when the youngest child is aged 3. In fact, it was initially proposed in the Government Discussion Paper 'Proposals for Supporting Lone Parents' (2006) that a 'Parental Allowance' would continue until the youngest child reached the age of 7 years. However 13 years is considered to be a more appropriate age for this change as the need for childcare will lessen from that age. This change to the one-parent family payment will bring Ireland's support for lone parents more into line with international provisions where countries achieving the best outcomes in terms of tackling child poverty are those



that are combining strategies aimed at facilitating access to employment and enabling services with income support.

Main Provisions of the Bill

I will now outline the main provisions of the Bill.

Section 3 sets out the rules to determine with whom a child normally resides for the purposes of social welfare payments with the exception of child benefit.

Section 4 provides for an amendment to the definition of spouse to include different sex co-habiting couples as spouse for the purpose of farm assist and pre-retirement allowance.

Section 5 provides for the inclusion of health contributions in the definition of contributions for the purposes of the four year limit on the return of contributions.

Section 6 confers power to make regulations to provide for the conditions under which a person is regarded as being incapable of work for the purposes of qualification for the payment of illness benefit.

Section 7 corrects an omission from the Social Welfare and Pensions (No 2) Act 2009 and provides for the restoration of the full rate of payment for recipients of incapacity supplement aged 66 and over.

Sections 8, 10 and 12 clarify the provisions in relation to the assessment of means where jobseeker's allowance (Section 8), pre-retirement allowance (Section 10) and farm assist (Section 12) are in payment and the claimant's spouse/partner is in receipt of family income supplement.



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Section 9 provides for a number of technical amendments to section 142 to ensure consistency in treatment with regard to the increase payable for a qualified adult. It also provides for the deletion of obsolete provisions.

Section 11 provides for a technical amendment to section 211 of the Act to delete an obsolete provision in relation to disability allowance.

Section 13 amends section 220 of the Principal Act and sets out the rules to determine with whom a child normally resides for the purposes of entitlement to child benefit.

Section 14 provides for an amendment to section 320 which deals with decisions of Appeals Officers.

Section 15 removes the limitation on the scope of the appeals process and provides that the Minister has the power to appeal a decision of the Chief Appeals Officer to the High Court on a point of law.

Section 16 is a technical amendment to Table 2 of Schedule 3 to the Social Welfare Consolidation Act 2005 to remove obsolete references.

Sections 17 and 18 provide for the payment of a reduced rate of jobseeker's allowance or supplementary welfare allowance where the person refuses to participate in an appropriate course of training or to participate in a programme under the National Employment Action Plan.

Section 17 also provides for a specific disqualification for receipt of jobseeker's allowance where the person refuses an offer of suitable employment.



Section 19 clarifies the circumstances in which the reduced rate of jobseeker's allowance is payable in the case of 18 to 21 year olds.

Section 20 allows the Minister to appoint persons other than serving staff to be appeals officers. This section will allow for the employment, on a temporary basis, of retired appeals officers, as appeals officers to clear backlogs in the Social Welfare Appeals Office.

Section 21 provides that the Chief Appeals Officer and the Deputy Chief Appeals Officer must be officers of the Minister.

Section 22 provides for a number of miscellaneous amendments to the Act including the deletion of references to early childcare supplement (ecs) where they appear in the Act. Early childcare supplement ceased to be payable on 1 December 2009.

Section 23 provides for the publication of the names, addresses, fines and other penalties of persons who have been convicted of offences under Social Welfare legislation.

Section 24 provides for the reduction, from 2011, of the qualifying age for receipt of one-parent family payment to when the youngest child reaches age 13 and also provides for various transitional provisions for current recipients of the payment.

Section 25 amends the provisions in relation to domiciliary care allowance to ensure that the operational practice is correctly reflected.



Committee Stage Amendments

I wish to inform the House that I will be tabling a number of amendments to the Bill at Committee Stage.

Firstly I will be introducing an amendment to provide for the transfer of the rural social scheme and the community services programme to me as Minister for Social Protection.

I will also be introducing an amendment to endow me as Minister for Social Protection with the necessary statutory powers in relation to the employment services and community services programme of FÁS, and to subsequently transfer the related funding.

One of the priorities I have been given in my Department is to place a particular focus on job activation. The new Department brings a joined-up approach to looking at job activation in its wider context with income support. The biggest concern in many households around the country today is the issue of jobs. Job activation and the provision of meaningful work activity for unemployed people are a central part of An Taoiseach's reasons for setting up the new Department of Social Protection and the amendments involving the work schemes and employment services moving into a single department form part of our commitment to targeting the day to day needs of unemployed people.

Sections 17 and 18 of the Bill provide for the payment of reduced rates of jobseeker's allowance and supplementary welfare allowance in certain circumstances, as outlined above. I will be introducing an amendment at Committee Stage to provide that the reduced rates will also apply in relation to



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jobseeker's benefit where the person refuses to participate in an appropriate course of training or to participate in a programme under the National Employment Action Plan. I am also providing for a specific disqualification for receipt of jobseeker's benefit where a person refuses an offer of suitable employment. This mirrors the provision in Section 17 in relation to entitlement to jobseeker's allowance. I am also providing a specific disqualification for receipt of jobseeker's benefit where the person is attending a full-time day course of study. This mirrors an existing disqualification for receipt of jobseeker's allowance where a person is attending a full-time day course of study.

Section 23 of the Bill as published provided for the publication of the names, addresses, fines and other penalties of persons who have been convicted of offences under social welfare legislation. Having given this matter further consideration, I have decided that it would be inappropriate to proceed with this provision and therefore I will be bringing forward an amendment at Committee Stage to provide for the deletion of Section 23.

I will also be bringing forward consequential amendments to the long title, collective citation and commencement provisions.

Conclusion

Molaim an Bille don Teach agus tá mé ag súil le bhur gcuid tuairimí a chloisteáil maidir leis na míreanna atá ann sa dá lá seo atá romhainn.

I commend the Bill to the House and I look forward to an informed debate and to hearing your views on the measures contained in the Bill over the next two days.

CRÍOCH / ENDS