



Address by
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to
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Annual General Meeting 2006

Dublin Institute of Technology
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**Minister Says Older People Must Be Given Choices on How to
Spend Later Years**

Prevention of Poverty at Core of Government Policies for Elderly



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Introduction

I would like to thank your Chief Executive Officer, Michael O'Halloran, for inviting me here today to give the opening address at your annual Parliament meeting.

I would like to pay tribute to the tremendous work Michael does in representing the interests of older people. I would like to say a particular thanks to him for his commitment, hard work and dedication to the work of the Pensions Board, on which he very ably and vociferously represents the interests of pensioners

Today also gives me the opportunity to salute the work of your Parliament and to acknowledge the contribution you are making to the influencing and shaping of future policy in relation to older people ever since you were formed in 1994.

That decision to form an organisation to give a stronger voice to older people has gone from strength to strength. Today, you can boast of almost 350 affiliated organisations and a membership of 95,000, and still growing. That influence on decisions and policy that I mentioned is making its presence felt increasingly, most currently through participation in the Partnership talks and at EU level through the European Older People's Platform.

So, on behalf of the Government, I have to say - thanks and well done. You are now an increasingly strong and influential voice for the rights and recognition of older people at local, national and international level. Recognition of the enormous sacrifice and contribution of older people to the building of the vibrant, successful and confident Ireland we have today must never be understated. I never tire from reminding the new generations who believe they alone are responsible for the Celtic Tiger of those sacrifices and contributions. I tell them that, in reality, they are merely standing on the shoulders of the men and women who in this country, and as exiles forced abroad, kept Ireland afloat during the bad times and helped build the launching pads for the spectacular economic progress we all enjoy today.



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That is why we must cherish the contribution of older people to the building of the Ireland of the 21st century. And we must do it in ways that recognise and reward our older people in the ways they want to be recognised and rewarded. It is about ensuring that older people have dignity, security and opportunity in later years. It is about moving beyond old debates about how to manage dependence and working towards a new world of enabling independence. It is about an Ireland where we have in place the structures to make ageing an opportunity. It is about an Ireland that encourages and supports older people to play an even greater role in our society. It must be about an Ireland that ensures that older people are cared for and cherished in the ways that they want to be in the later years of their lives.

I have spoken many times of my determination to bring about a situation in which all older people are entitled to a decent pension and security and proper dignity in their later years. It is something that I feel particularly strongly and passionate about.

Pensions, naturally, remain one of the biggest issues for older people. In addition, because - thanks to the wonders of medicine and positive outlooks - people are living longer and healthier lives, pensions are not solely about the incomes they generate, important and all as that is. On one level it is also about how they are perceived. It is about how pensions can unfairly categorise and pigeonhole entire generations of our older people. The very term "old age pension" created generalised stereotypes of people as being in some way dependant, incapable and vulnerable.

I believed that the term "old age" in our pensions system served to greatly undervalue the capacities and potential contribution of thousands of fit and able people. For that reason, it gave me great satisfaction in just the last few weeks to erase in legislation the term "old age". It does not mean that "old age" has been banished - much and all as I would like to have done that! What it does mean is that from September, our pensions and pensioners will no longer be categorised as "old age".

Instead, the pensions for older people will simply be "The State pensions" so as to reflect the reality of retirement in modern society. I have to say that one David



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Lloyd George may not be happy with the change. He may not be spinning in his grave...but I suspect he will be twitching a little. It was Lloyd George, as the then British Prime Minister of the day, who was responsible in 1908 for introducing the old age pension in Ireland.

In fairness to Lloyd George, he was only following the trend set by Germany's first Chancellor, Otto von Bismarck, who established the first structured pension scheme some decades before, in the 1880's. Now Otto had his own motives for bringing in pensions. His view was that, and I quote, "anybody who has before him the prospect of a pension, be it ever so small, in old age and infirmity is much happier and more contented in his lot, much more tractable and easy to manage".

Maybe Lloyd George thought bringing in pensions would make the Irish "easier to manage. If he did, well he got that one badly wrong, as the events in the years that followed were to show.

But back to the today and pensions.

I can assure you that the Government has recognised how important pensions are. We have done so by making the income needs of older people a priority. A decade ago the Old Age Contributory Pension was about €95.00 per week. Today, following Budget 2006, that same pension is over €193 a week and heading for at least €200 - the Government's commitment - before the year ends. That is an increase of well over 100%.

Reaching that €200 basic pension payment will bring us very close to achieving the target for pensions set out in the National Pensions Policy Initiative of 34% of Gross Average Industrial Earnings. Pensions have been increasing faster than both earnings and prices and that trend will continue.



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Not only have we sought to give significant increases in pension payments, but there has also been considerable movement on a number of fronts to make social welfare pensions and other support benefits available to older people on a much wider basis.

For example, the basic qualifying conditions for contributory pensions were eased and special pensions, such as the pre-53 pension, were introduced.

There has also been significant movement in the means test for non-contributory pensions. Capital disregarded has increased from €253 in 1997 to €20,000. This year, for the first time in many years, the basic income disregard has been increased from €7.60 to €20 per week.

I also introduced an earnings disregard of €100 per week to facilitate people who may wish to continue in employment after retirement age is reached.

In addition, I decided to simplify matters by introducing one non-contributory scheme with a standard means test for those over 66 years of age. This change will benefit some 30,000 pensioners on reduced payments who will now receive the full rate or an improved rate.

Significant increases have also been granted for qualified adults and the Government is committed to paying these, as soon as possible, at the same level as the Old Age Non Contributory Pension. In 2002 we also introduced arrangements to facilitate the direct payment of the increase to spouses and partners. I am particularly anxious to see these particular arrangements expanded and enhanced to ensure that more women can receive an independent income. I am now considering the administrative and legal implications of making these facilities available on a wider basis and I intend to make progress on this issue within months.

As a further support, Household Benefits are now available on a universal basis to all those who are 70 years of age and older.



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I can assure you that I will continue to work to improve and reform our social welfare supports for older people to ensure that they will deliver an adequate income to people in retirement.

Of course, social welfare supports are only part of the income system of retirement provision. Occupational and private pension schemes play a very important role in our overall pensions system. As I have said before, there can be no doubt that one of the most important policy challenges facing this country, and this generation and future generations, is the foundations for the future retirement in security, and with dignity, of all of our people.

People are living longer and have more active retirements and this is one of the miracles of the modern age and is something to be celebrated. However, this improved longevity does present us with some significant challenges, which must be faced if we are to ensure that people have the necessary resources to enjoy the type of retirement they would wish for. The fact is that, right now, almost half the country's current workforce of 2 million people does not have any occupational or personal pension.

Ireland is not unique in this regard. All around the world governments and societies are grappling with the challenges of a lopsided population structure in which older people far out number younger workers. Ireland's response to the challenges and opportunities posed by this rapid social, economic and demographic change will influence the future shape of our society for decades to come. The scale of the challenge we face cannot be overstated:

At present over 900,000 people, almost half the country's entire workforce, do not have any private pensions and, as of now, are facing into a retirement in which their main source of income will be the State welfare pension. At least half of these are women.



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The number of people aged over 65 will more than treble from a current level of about 464,000 to 1,500,000 by 2056.

At present there are over 4 workers contributing to the support of every pensioner. This will fall to 2.7 in 2026 and to less than 1.5 workers per pensioner in 50 years time.

The cost of our social welfare and state pension system will, according to work done in the context of the National Pensions Review, increase over the same period from 4.3% of GNP to 13.8%. This forecast of increasing costs is far ahead of any estimates done to date.

So the challenges we face are clear and stark. We are now tackling the serious lack of adequate pension coverage rates, the overall adequacy of pensions and the major issues of funding or sustainability of pensions.

As you may know I have decided to convene a National Pensions Forum on the 5th May to consider the conclusions of the National Pensions Review. I would very much welcome your input to that Forum. I have no doubt that Michael O'Halloran and others members of your Parliament will not be behind the door when it comes to airing your views.

At the end of the day, we must decide what sort of retirement we want for ourselves and our children and what sacrifices we as a society are prepared to make to secure that future. Good pension provision costs, whether it is done through a system of private provision and personal contributions or through the State by way of taxes and social insurance contributions.

But to return to the future for those now in retirement or those considering their later years. I am committed to giving people choices. Those that want to retire at 65 or 66 must do so safe in the security of a solid and consistent income from the State. Therefore, as has been the case in recent years, pensions must remain ahead of inflation and price increases. But I am also strongly of the view that empowering



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older people in the workplace, enabling them to choose to work longer, must also be a pivotal part of any response to the ageing challenge.

When I first mentioned this it was mischievously interpreted by some media as a “Minister asks older people to work until they drop” scenario. That was a distortion and totally misleading. What I was talking about was not locking people into retirement. It was about giving people choices as to how they want to enter their later years.

I am increasingly of the view, and I hope you share that view, that our approach must be about giving people the flexibility and choice to work longer, only if that is what they want to do. At the end of the day, as a society, I believe we cannot afford to squander the skills and experience of anyone who can and wants to work, and of anyone who can and wants to continue to make a contribution. Meeting the ageing challenge is, of course, also wider than saving more and working longer. It includes healthcare and access to services.

Naturally, for many older people, retirement and later years is often about health and long-term care facilities and how it will be paid for.

This Government has placed an increasing emphasis on the role of community care in supporting the vast majority of older people who wish to remain in their own homes and in their own communities. The long-term care agenda is a very important aspect of social policy and I can assure you that this Government is deeply involved at present in developing a framework for its proper development in this country.

Last year the Tánaiste and I established a working group on long-term care which was chaired by the Department of the Taoiseach and comprised senior officials from the Departments of Finance, Health and Children and my own Department. This



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working group was charged with identifying the policy options for a financially sustainable system of long-term care.

As you know, work has already commenced on implementing some of the recommendations of the report. In Budget 2006, the Tánaiste and Minister for Health announced €150 million in funding for home support packages and other community-based services.

She will continue to work towards refocusing the delivery of care for older people with an emphasis on community care. I am very much aware of the fact that family and informal care is a cornerstone of future long-term care policy. I consider Carers to be a valued and valuable asset in caring for people in their later years. In recognition of this, I am committed to implementing significant benefits, supports and improvements to help carers. These improvements include, in Budget 2006, the biggest ever increases in the rates of payment to carers. The Carer's Allowance weekly rate has increased by over 17% - bringing the top rate to €200, the largest welfare payment.

I have extended the duration of the Carer's Benefit scheme from 15 months to 2 years. My colleague, Tony Killeen, Minister of State with responsibility for Labour Affairs, has also extended the duration of the associated Carer's Leave scheme to 2 years.

In addition, from June this year, I am increasing the number of hours that a carer may work and still receive a Carer's Allowance, Carer's Benefit or Respite Care Grant from 10 to 15 hours per week. For carers, a break from caring is one of the greatest needs identified. By further increasing the Respite Care Grant to €1,200 and significantly expanding it to include thousands more recipients, we are going some of the way towards giving carers a badly needed break and recognition for their commitment and compassion. So far over 34,000 respite grants have been paid in respect of 2005. I expect that number to further rise this year.



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As I said, I am committed to the cause of carers. Recent increases and supports have gone some considerable distance in responding to the specific requirements of carers. I also recognise that while a lot has been done, much more remains to be achieved before we can be satisfied that the needs of carers have been fully addressed. This Government is determined to achieve our vision of a coordinated, comprehensive, accessible and sustainable system of delivering services and supports in the community to people who need care and the their carers.

I will do my part in continuing to bring forward proposals that recognise the valued and valuable contribution of carers in a tangible way. There are many other issues being considered as regards greater opportunity, and greater mobility and travel opportunities, for older people. I have started discussions on how access to technology for older people can be greatly increased. The Internet, mobiles phones and many other devices can transform into valuable communications lifelines for older people.

The issue of an all-island free travel scheme is also moving closer to delivery from meetings North and South at Ministerial and officials level. I expect to be in a position to make an announcement on the extension of that scheme very soon.

Conclusion

There are many priorities regarding people in their older years. For example, the prevention of poverty must, and will, always be fundamental in underpinning future reforms, improvements in pensions and incomes, and the creating of opportunities. It is about ensuring that all of our older people have security, dignity and recognition in retirement and later years is another.

It is about untangling the maze as regards long term care so that sensible and practical solutions emerge.



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At the end of the day, I hope that together we can empower older people and in doing so allow our society to benefit from what is ultimately one of the greatest advances of our time—longer and healthier lives. Finally, I think most of us probably need to adjust our mindset when it comes to attitudes to retirement and ageing. We must not forget in this fast-paced age that our older people still have a wealth of expertise and experience to pass on to others. For me, the American poet and free-thinker Oliver Wendell Holmes summed it up best. When he was once asked how he felt about growing old, now that he was in his 70's, he replied; "It is better to be 70 years young than 40 years old".

Ends