



Department of Social & Family Affairs

**Report of the Working Group on the
Review of the Illness and Disability Payment Schemes**

September 2003

Report of the Working Group on the Review of the Illness and Disability Payment Schemes

September 2003



BAILE ÁTHA CLIATH
ARNA FHOILSIÚ AG OIFIG AN tSOLÁTHAIR
Le ceannach díreach ón
Oifig Dhíolta Foilseacháin Rialtas,
TEACH SUN ALLIANCE, SRÁID THEACH LAIGHEAN, BAILE ÁTHA CLIATH 2,
nó tríd an bpost ó
FOILSEACHÁN RIALTAS, AN RANNÓG POST-TRÁCHTA,
51 FAICHE STIABHNA, BAILE ÁTHA CLIATH 2.
(Teil: 01 647 6834/35/36/37; Fax: 01 647 6843)
nó trí aon díoltáir leabhar.

Dublin
PUBLISHED BY THE STATIONERY OFFICE
To be purchased directly from the
GOVERNMENT PUBLICATIONS SALES OFFICE,
SUN ALLIANCE HOUSE, MOLESWORTH STREET, DUBLIN 2,
or by mail order from
GOVERNMENT PUBLICATIONS, POSTAL TRADE SECTION, 51 ST. STEPHEN'S GREEN, DUBLIN 2.
(Tel: 01 647 6834/35/36/37; Fax: 01 647 6843)
or through any bookseller.

€ 10

© GOVERNMENT OF IRELAND 2004

(Prn. 1202)

Contents

Glossary

Executive Summary

PART 1 - BACKGROUND

Chapter 1 Introduction

1.1	Background to the Expenditure Review Initiative	3
1.2	Structure of the Expenditure Review Programme	3
1.3	Working Group Reviewing the Illness and Disability Payments	3
1.4	Background to the Review	3
1.5	Purpose of the Review	4
1.6	Terms of Reference of Review	5
1.7	Income Maintenance Versus Costs of Disability	5
1.8	Format of Report	6

Chapter 2 Scheme Descriptions and Background

2.1	Identification of Schemes Relevant to this Review	8
2.2	Background to Schemes Examined in this Review	10
2.3	Descriptions of Schemes	10

Chapter 3 Trends in Numbers and Expenditure

3.1	Introduction	11
3.2	Trends in Expenditure	11
3.3	Trends in Numbers of Recipients and Beneficiaries	13
3.4	Comparison with General Demographic Data	17
3.5	Age and Gender Analysis	19
3.6	Conclusions	23

PART 2 – OBJECTIVES AND THEIR CONTINUED RELEVANCE

Chapter 4 Scheme Objectives

4.1	Introduction	27
4.2	Disability Benefit	27
4.3	Invalidity Pension	28
4.4	Occupational Injury Benefits	28
4.5	Disability Allowance	29
4.6	Blind Person's Pension	30
4.7	Infectious Diseases (Maintenance) Allowance	30
4.8	Supplementary Welfare Allowance	31

Chapter 5 Relevance of Scheme Objectives

5.1	Introduction	32
5.2	General Objectives of Illness and Disability Payment Schemes	32
5.3	Are these General Objectives Still Relevant?	33
5.4	Issues to be Considered in Examining Whether Objectives are being Met	34
5.5	Need to Redefine Objectives of Schemes	36

PART 3 HOW WELL ARE THESE OBJECTIVES BEING MET?

Chapter 6 Are Income Support Objectives Being Met?

6.1	Introduction	39
6.2	Are Income Support Objectives being Met?	40
6.3	Adequacy of Illness/Disability Payments	41
6.4	Rates of Illness/Disability Payments Relative to Other Social Welfare Payments	44
6.5	Concurrent Payment of Illness/Disability Payments with Other Social Welfare Payments	47
6.6	Meeting the Additional Costs of Disability	51
6.7	Targeting of Illness/Disability Payments	53
6.8	Conclusions	54

Chapter 7 Are Poverty and Social Inclusion Objectives Being Met?

7.1	Introduction	56
7.2	National Anti-Poverty Strategy (NAPS)	56
7.3	Measuring Levels of Poverty among People who are Ill/Disabled	57
7.4	Prevalence of Poverty among People who are Ill/Disabled and among the Population Generally	58
7.5	Reasons for Differences in Poverty Trends	62
7.6	Do Different Considerations Arise in Relation to Adequacy of Illness/Disability Payments?	66
7.7	Effects of Illness/Disability Expenditure on Measured Poverty	66
7.8	Implications of Wider Social Inclusion Agenda	67
7.9	Conclusions	68

Chapter 8 Are Employment Support Objectives Being Met?

8.1	Introduction	70
8.2	Employment Supports Available from DSFA	70
8.3	Problems with Existing Range of Social Welfare Supports	72
8.4	Conclusions	81

PART 4 IMPROVING EFFECTIVENESS

Support to Work

Chapter 9 Strengthening Employment Support Activities

9.1	Part 4 - Improving Effectiveness	85
9.2	Future Development of Employment Support Measures	85
9.3	Options for People with Partial Capacity for Work	87
9.4	Application of Standard Income Limit to Earnings from Exempted Employment	89
9.5	Assessment of Employment Potential, with Intensive Case Management	92
9.6	Matching Different Supports to Individual Needs	94
9.7	Conclusions	96

Simplification

Chapter 10 Overlap Between Occupational Injury Benefits and Social Insurance Benefits

10.1	Simplification	98
10.2	Background to Introduction of Occupational Injury Benefits Scheme	98
10.3	Need for Separate Provision for Occupational Accidents	99
10.4	Views of Working Group on Need for Separate Provision for Occupational Accidents	102
10.5	Elements of the OIB System Relevant to this Review	102
10.6	Possible Options for Achieving Efficiencies	104
10.7	Views of the Working Group	109

Chapter 11 Overlap Between Long-Duration Disability Benefit and Invalidity Pension

11.1	Background	111
11.2	Comparison Between DB and Invalidity Pension Schemes	112
11.3	Profile of Long-Duration DB and Invalidity Pension Claimants	115
11.4	Invalidity Pension Systems in an International Context	116
11.5	Problems with Current Arrangements	118
11.6	Two Schemes – One Contingency?	123
11.7	Options for Ways Forward	124
11.8	Conclusion of Working Group	127

Chapter 12 Overlap Between Disability Allowance and Blind Person's Pension

12.1	Introduction	131
12.2	Social Assistance Payments for People with Disabilities	131
12.3	Separate Provision for Blind People	132
12.4	Comparison between DA and BPP Schemes	133
12.5	Working Group's Views on Potential Merger of BPP and DA Schemes	135
12.6	Conclusions	137
12.7	Blind Welfare Allowance	137

Comprehensiveness and Consistency

Chapter 13 Is There a Need for a Separate Sickness Allowance Scheme?

13.1	Introduction	140
13.2	Proposals for the Introduction of a Sickness Allowance Scheme	141
13.3	Difficulties Identified with Proposed Sickness Allowance Scheme	142
13.4	Options for Addressing Social Assistance Needs of People who are Temporarily Ill or Disabled	144
13.5	Conclusions	148

Chapter 14	Other Issues of Comprehensiveness	
14.1	Introduction	149
14.2	Social Insurance Cover for Illness/Disability for Self-Employed	149
14.3	Non-Payment of DA to Certain People in Full-Time Residential Care	151

Chapter 15	Issues of Consistency	
15.1	Introduction	156
15.2	Operation of the Graduated Rates of Disability Benefit	156
15.3	Payment of Disability Allowance Between 16 and 18 Years	162
15.4	Payment of Disability Payments Beyond 66 Years	166
15.5	Need to Rename Illness/Disability Payments to More Accurately Reflect the Contingencies Covered	167
15.6	Payment of Illness/Disability Payments to Non-Nationals	168

Alternative Approaches

Chapter 16	Scope for Alternative Approaches	
16.1	Introduction	170
16.2	Basic Income	170
16.3	Negative Income Tax	175
16.4	Universal Payment Systems	177
16.5	Private Provision	182
16.6	Private Insurance	182
16.7	Occupational Sick Pay Schemes	185
16.8	Compensation Through the Courts	188
16.9	Overall Conclusions	189

PART 5 CONCLUSIONS AND RECOMMENDATIONS

Chapter 17	Conclusions and Recommendations	
17.1	Overall Conclusions	193
17.2	Poverty Proofing	196
17.3	Main Recommendations of the Working Group	197

APPENDICES

Appendix I	Membership and Methodology of Working Group	205
Appendix II	Background to the Introduction of the Illness and Disability Payment Schemes	209
Appendix III	Description of Illness and Disability Schemes	230
Appendix IV	Statistical Tables	245
Appendix V	Poverty Trends 1994 - 2001	255
Appendix VI	Distributional Impact of Illness and Disability Payments by Decile Range	258
Appendix VII	Bibliography	259

List of Tables

Chapter 3

Table 3.1	Comparison between Total Recipients and Beneficiaries of Illness/Disability Payments and Total Population	18
Table 3.2	Comparison between Total Recipients of Illness/Disability Payments and Total Population aged 15 and over Classified as being Unable to Work due to Permanent Illness/Disability	18
Table 3.3	Recipients of DB and Invalidity Pension as a Percentage of the Insured Population	19
Table 3.4	Age Analysis of Main Illness/Disability Payment Schemes	20
Table 3.5	Age and Gender Analysis of Recipients of Illness/Disability Payments	20
Table 3.6	Gender Comparison with General Population	21
Table 3.7	Age and Gender Profiles of Principal Illness/Disability Schemes	21

Chapter 6

Table 6.1	Rates of Illness/Disability Payments Relative to Other Social Welfare Payments	44
Table 6.2	Comparison between Rates of Illness/Disability Payments and Carers Payments	46

Chapter 7

Table 7.1	Relationship between Relative Income Lines and Illness/Disability Payment Levels, 1994-2001	63
-----------	---	----

Chapter 8

Table 8.1	Numbers on Illness/Disability Payments Availing of Different Employment Supports	74
-----------	--	----

Chapter 11

Table 11.1	Comparison between Long-Duration DB and Invalidity Pension Schemes	129
------------	--	-----

Chapter 14

Table 14.1	Social Insurance Cover for Illness/Invalidity for the Self-Employed in EU Member States	150
------------	---	-----

Chapter 15

Table 15.1	Graduated Rates of DB Payable in 1993	157
Table 15.2	Graduated Rates of DB Payable from 2003	158
Table 15.3	Comparison between Number of DB and Graduated DB Recipients and Numbers Claiming SWA Top-Up Payments	159
Table 15.4	Comparison between Relevant Age Limits for Young People	163
Table 15.5	Age Limits for Various Illness/Disability Payment Schemes	166

Chapter 16

Table 16.1	Basic Income Compared with Existing System	175
Table 16.2	Negative Income Tax Compared with Existing System	177
Table 16.3	Disability/Invalidity Schemes Operated in Nordic Countries	179
Table 16.4	Universal Payments Compared with Existing System	181
Table 16.5	Private Insurance Compared with Existing System	184
Table 16.6	Alternative Models of Sickness Coverage in EU Member States	186
Table 16.7	Statutory Sick Pay Compared with Existing System	187

Appendix III

Table 1	Comparison between Short-Term Illness Payments	242
Table 2	Comparison between Long-Term Social Insurance Illness/Disability Payments	243
Table 3	Comparison between Long-Term Social Assistance Illness/Disability Payments	244

Appendix IV

Table A	Expenditure on Illness/Disability Payment Schemes, 1982-2002	245
Table B	Spending on Different Programmes as Percentage of Overall Social Welfare Expenditure, 1982-2002	246
Table C	Relationship between spending on Social Insurance and Social Assistance Illness/Disability Payment Schemes, 1982-2002	247
Table D	Recipients of Different Programmes as Percentage of Overall Social Welfare Recipients	248
Table E	Beneficiaries of Different Programmes as Percentage of Overall Social Welfare Beneficiaries	248
Table F	Recipients of Illness/Disability Payment Schemes, 1982-2002	249
Table G	Beneficiaries (Recipients, Qualified Adults and Qualified Children) of Illness/Disability Payment Schemes, 1982-2002	250
Table H	Qualified Adults of Illness/Disability Payment Schemes, 1982-2002	251
Table I	Qualified Children of Illness/Disability Payment Schemes, 1982-2002	252
Table J	Relationship between Numbers of Recipients on Social Insurance and Social Assistance Illness/Disability Payment Schemes, 1982-2002	253
Table K	Relationship between Numbers of Beneficiaries on Social Insurance and Social Assistance Illness/Disability Payment Schemes, 1982-2002	254

Appendix V

Table 1	Percentage of People Falling below 70% of Median Income and Experiencing Basic Deprivation by Labour Force Status of Head of Household	255
Table 2	Proportion of People in Receipt of Specific Social Welfare Payments in Households below 70% of Median Income and Experiencing Basic Deprivation	255
Table 3	Percentage of People Falling below 60% of Median Income by Labour Force Status of Head of Household	256
Table 4	Proportion of People in Receipt of Specific Social Welfare Payments in Households below 60% of Median Income	256
Table 5	Risk of Scoring 1 or More on Basic Deprivation Index by Labour Force Status of Head of Household	256
Table 6	Risk of Scoring 1 or More on Basic Deprivation Index for People Receiving Different Types of Social Welfare Payment	257

Appendix VI

Table 1	Aggregate Change in Disposable Income by Tax Unit (€m. per annum)	258
Table 2	Aggregate Change in Disposable Income by Income Sharing Unit (€m. per annum)	258

List of Figures

Chapter 3

Figure 3.1	Illness/Disability Expenditure as a Proportion of Overall Social Welfare Expenditure	12
Figure 3.2	Recipients and Expenditure on Illness/Disability Schemes, 1982-2002	14
Figure 3.3	Number of Recipients, Qualified Adults and Qualified Children of Illness/Disability Schemes, 1982-2002	16

Chapter 7

Figure 7.1	Consistent Poverty and its Components for all Household Types	59
Figure 7.2	Consistent Poverty and its Components among People in Households Headed by an Ill or Disabled Person	60
Figure 7.3	Consistent Poverty and its Components among People in Receipt of Illness/Disability Payments	61
Figure 7.4	Levels of Consistent Poverty among all Households as Compared with Ill/Disabled Households and People in Receipt of Illness/Disability Payments	61

Chapter 15

Figure 15.1	Comparison between Total Numbers on Full-Rate and Graduated DB	158
-------------	--	-----

GLOSSARY

BPP	Blind Person's Pension
BTWA	Back to Work Allowance
BWA	Blind Welfare Allowance
CDA	Child Dependant Allowance
CE	Community Employment
Christmas Bonus	An extra payment usually made in early December to recipients of certain long-term social welfare payments. This bonus has, in recent years, been paid at 100% of the existing payment.
Credited Contributions	Credited contributions are awarded in a number of instances where normal weekly earnings are interrupted, e.g. during spells of illness and unemployment and during periods of maternity, adoptive, parental, carer's leave etc. Credited contributions preserve a person's existing cover for social insurance benefits.
DA	Disability Allowance
DB	Disability Benefit
DPMA	Disabled Person's (Maintenance) Allowance
DSFA	Department of Social and Family Affairs
ESRI	Economic and Social Research Institute
FÁS	Foras Áiseanna Saothair – Training and Employment Authority
FIS	Family Income Supplement
"Free" Schemes	Free Travel Pass, Free Electricity Allowance, Free Natural Gas Allowance, Free Television Licence and Free Telephone Rental Allowance
GAIE	Gross average industrial earnings
GCY	Governing contribution year – the second last complete income tax year before the beginning of the calendar year in which the claim is made (see also relevant tax year)
IB	Injury Benefit
Insured Person	A person who has paid PRSI contributions
IP	Invalidity Pension
IDMA	Infectious Diseases (Maintenance) Allowance

NAPS	National Anti-Poverty Strategy
NCBI	National Council for the Blind of Ireland
NDA	National Disability Authority
NESF	National Economic and Social Forum
NIT	Negative Income Tax
NPPI	National Pensions Policy Initiative
NRB	National Rehabilitation Board
OAP	Old Age Pension
Office for Social Inclusion	This Office was established in December 2002 under the terms of the revised National Anti-Poverty Strategy: Building an Inclusive Society and is charged with monitoring and overseeing implementation of the Strategy.
OFF	One Parent Family Payment
OIB	Occupational Injury Benefits
PPF	Programme for Prosperity and Fairness
PRB	Pay-Related Benefit
PRETA	Pre-Retirement Allowance
PRSI	Pay-Related Social Insurance
QAA	Qualified Adult Allowance
QNHS	Quarterly National Household Survey
Reckonable Earnings	Earnings that are liable for PRSI contributions
Relevant Tax Year	The second last complete income tax year before the beginning of the calendar year in which the claim is made (see also GCY)
RTC	Refundable Tax Credits
Sheltered Occupational Services	A combination of structured occupational activities and support services for people with disabilities who require a significant amount of flexibility, time and personal support
SSP	Statutory Sick Pay
SWA	Supplementary Welfare Allowance
UA	Unemployment Assistance
UB	Unemployment Benefit
US	Unemployability Supplement
VEC	Vocational Education Committee

Executive Summary

PART 1 – BACKGROUND

Chapter 1: Introduction

- 1 This review examines the various State income maintenance payments for people who are ill and people with disabilities and is one of a series of similar reviews undertaken by the Department of Social and Family Affairs (DSFA) as part of the Government's Expenditure Review Initiative. Currently there are 7 specific illness and disability payment schemes, i.e. Disability Benefit, Invalidity Pension, Injury Benefit, Unemployability Supplement, Disability Allowance, Blind Person's Pension and Infectious Diseases (Maintenance) Allowance. The Supplementary Welfare Allowance scheme also provides income support for some ill and disabled people, in the absence of entitlement to any of the above listed schemes. Apart from the Infectious Diseases (Maintenance) Allowance and Supplementary Welfare Allowance schemes, which are administered by the Health Boards, all of the other schemes are administered by DSFA. In addition, another means-tested payment - Sickness Allowance, has been legislated for, but not yet implemented. This means that potentially there are 9 different income maintenance schemes catering for ill and disabled people. Total expenditure on the illness and disability schemes is estimated to be in excess of €1.3 billion in 2003, benefiting some 175,000 recipients and their 107,000 dependants.
- 2 The key elements of this review include clarifying the objectives of each scheme, considering their continued relevance, identifying gaps and overlaps in the overall provision, examining overall trends in numbers and expenditure, examining the extent to which schemes support self-sufficiency, evaluating alternative approaches to the design and delivery of social protection for people who are ill or disabled and examining the roles of DSFA and the Health Boards in the provision of income maintenance.
- 3 Consultations undertaken as part of this review highlighted that the question of meeting the additional costs of disability is an issue of major concern to people with disabilities. It is noted that disability can give rise to extra costs over and above those incurred by the population generally, e.g. the cost of aids, appliances, care and assistance, extra transport costs etc. However, these additional costs are not incurred to the same extent by all people with disabilities. Increasing the level of income maintenance payments, such as Disability Allowance, for all recipients is not therefore, considered an appropriate method of addressing the additional costs of disability. Furthermore, if support towards the additional costs of disability were to be incorporated into income maintenance payments, then this support would be withdrawn on taking up employment, thereby creating a significant disincentive to move from welfare dependency into work. For these reasons, the Working Group adopted the approach that needs arising from the additional costs of disability should be addressed separately to income maintenance needs. This approach is in line with the views of the Commission on the Status of People with Disabilities. As a consequence, this review concentrates on examining the various payments relating to the income maintenance needs of people who are ill and people with disabilities.

Chapter 2: Scheme Descriptions and Background

- 4 The payments examined by the Working Group cover a diverse customer group who have widely different needs. At one end of the range are those with short-term illness, who may need nothing more than prompt payment of the relevant income support for a couple of weeks until they return to work. At the opposite end they cover people with significant disabilities who have considerable extra needs. Chapter 2, together with Appendices II and III, examines the origins and development of these schemes and also briefly describes each one.
- 5 This examination highlights that the earliest social welfare measures introduced in this country related to the needs of people who were ill and people with disabilities. While the range of illness and disability payments has been progressively developed over the years, this has been achieved generally in a piecemeal and uncoordinated fashion. However, the administration of these payments has been fragmented between DSFA and the Health Boards, with consequential differences in the relevant qualifying criteria etc. Until the take-over of the Disabled Person's (Maintenance) Allowance (DPMA) scheme from the Health Boards in 1996, the DSFA payments system was mainly concerned with people who had an attachment to the workforce, e.g. those temporarily absent from work due to illness or injury and those who had to permanently give up work due to ill health or disability. The transfer of the DPMA scheme brought into the DSFA payments system, for the first time, a group that generally have significantly different needs and experiences, i.e. people with disabilities from birth or from an early age and those with limited or no work experience.

Chapter 3: Trends in Numbers and Expenditure

- 6 This Chapter, together with Appendix IV, examines the trends in expenditure and in the numbers of recipients and beneficiaries over the last 20 years, from 1982 to 2002. This analysis highlights that total expenditure on the illness and disability payments has almost quadrupled over the last 20 years, up from €338 million in 1982 to €1,288 million in 2002, with expenditure having more than doubled since 1995. This reflects the significant increases in the levels of payments that have been provided, particularly in recent years, and the increase in the number of people claiming these benefits. At 13% of overall social welfare expenditure, spending on illness and disability payments in 2002 represented 3.9% of Gross Government Expenditure.
- 7 The total number of recipients of the illness and disability payments has increased by 46% over the last 20 years. The number of recipients and beneficiaries in this category each represent the third largest category of social welfare recipients and beneficiaries, respectively (at 20%). The increase in the number of recipients has been driven largely by improvements in the qualifying conditions for the benefits, higher numbers in work who are covered for social insurance payments and the policy of moving people with disabilities out of residential care and into the community. The number of dependants of these payments has fallen slightly over the same period, reflecting the changes in the dependency arrangements which were introduced in 1986, the overall decline in the birth rate and the increase in labour force participation rates generally and, in particular, among married women.

PART 2 – OBJECTIVES AND THEIR CONTINUED RELEVANCE

Chapter 4: Scheme Objectives

8 The objectives of the earliest social welfare schemes tended not to be formally set out and this is generally the case with the range of payments examined in this review. The Working Group therefore, infers the following broad objectives for the illness and disability payments from an examination of their origins and more recent developments –

- To provide insured workers and their dependants with security against loss of personal income in the event of illness (both short-term and long-term), disability and occupational injuries, which renders the insured worker incapable of working;
- To provide assistance to people with disabilities whose employment capacity is substantially restricted by reason of their disability and to other people who are ill, including people suffering from an infectious disease and undergoing treatment for that disease, whose means are insufficient to meet their own needs and those of their dependants; and
- To encourage and assist people with disabilities and long-term illnesses to identify and take up available employment, training, educational and other self-development opportunities, where appropriate.

Chapter 5: Relevance of Scheme Objectives

9 The continued relevance of these objectives is examined in Chapter 5 having regard to the evolving policy objectives set out in *Promoting a Caring Society: Strategy Statement of the Department of Social and Family Affairs for 2003-2005* and, specifically, by reference to three of the high level goals contained in this Strategy Statement that are considered to be of particular importance to this review, i.e. providing income support; combating poverty and promoting social inclusion and providing supports to work. The Working Group concludes that the scheme objectives are still valid and are consistent with the high level goals of income support and support to work. The scheme objectives also make a significant contribution to the broader goal of combating poverty and promoting social inclusion, but given the multi-dimensional nature of social inclusion, the specific contribution of income support measures, while important, may necessarily be limited.

PART 3 – HOW WELL ARE THESE OBJECTIVES BEING MET?

10 Part 3 (Chapters 6 to 8) assesses whether the broad scheme objectives, outlined in paragraph 8 above, are being met by their current operation. This assessment is undertaken by evaluating the operation of the schemes against the goals of income support, combating poverty and promoting social inclusion and support to work. The review also considers how the income support objectives might be better achieved through simplification of systems and improving their comprehensiveness and consistency and how the support to work objectives might be better achieved through strengthening the employment support activities (Part 4). Part 4 also includes an assessment of whether or not alternative approaches to the delivery of income support could improve the effectiveness of their operation

11 Overall the Group concludes that –

- *The provision of income support for people with illnesses and disabilities is relatively comprehensive, but there could be an improvement in effectiveness and efficiency through rationalisation to make the overall system simpler and more consistent;*
- *Although the relevant data available is weak, the limited information would nevertheless, suggest that people with illnesses and disabilities face higher poverty rates than people in other social welfare contingencies. While income support can play a role in reducing poverty, it is likely that other significant issues need to be addressed;*
- *Employment supports for this group need to be more systematic and effective.* (Although it is also recognised that many of the most intractable problems in this area are outside the remit of DSFA).

Chapter 6: Are Income Support Objectives Being Met?

12 A number of key issues of concern emerge in examining the provision of income support to this group, including the adequacy of the illness and disability payments; whether coverage of this contingency is comprehensive and consistent; and whether the illness and disability payments are well targeted. The Working Group concludes that the broad income support objectives of the illness and disability payment schemes are being met by their current operation, in terms of providing income maintenance to this group, and that expenditure on these payments is well targeted.

13 The Working Group notes that the question of the adequacy of social welfare payments in general has been addressed by the PPF Group on Social Welfare Benchmarking and Indexation. In the light of this examination, the Working Group does not itself examine the adequacy of the illness and disability payments, but notes the findings of the PPF Benchmarking Group that it is not possible to derive an indisputable and universally accepted adequacy rate for social welfare payments. The Working Group nevertheless, welcomes the Government commitments that have followed the publication of the findings of the PPF Benchmarking Group as a measurable target for adequacy of payments in this area. These commitments, which are set out in the Agreed Programme for Government and the Review of the National Anti Poverty Strategy provide for the achievement of a rate of €150 a week, in 2002 terms, for the lowest rates of social welfare, to be met by the year 2007.

14 The Group also highlights the need for a consistent approach to adequacy across the different contingencies and it notes that the rates of illness and disability payments broadly correspond to the rates for similar contingencies. However, the Group notes that the payment rates for carers are generally higher than the equivalent payments for people with disabilities. This approach can present difficulties in a number of instances, e.g. where the person being cared for wishes to take up employment or training opportunities or to live more independently. The Working Group is therefore, of the view that in considering any future improvements in the payments for carers, care should be taken to ensure that these payments do not become significant barriers for people with disabilities who wish to achieve more independent living or to take up available employment and training opportunities.

- 15** Under current arrangements certain illness and disability payments can continue to be paid concurrently with other income maintenance payments, in particular circumstances. The Working Group could find no convincing reasons for such overlaps and recommends discontinuance of these concurrent payments for new cases. As the Disablement Benefit payable under the Occupational Injury Benefits scheme differs fundamentally from other social welfare payments, i.e. it is a compensatory payment in respect of loss of faculty arising from an injury at work rather than an income maintenance payment, the Group recommends that the concurrent payment of this benefit with other social welfare payments should continue where this occurs. The Group also recommends the discontinuance of overlaps between personal rates of illness and disability payments and child dependant increases payable in respect of the same people, for new cases. The issue of the possible overlaps between illness and disability payments made to young recipients and Child Benefit paid in respect of the same people is also examined. However, given that many of the issues involved in such an examination are beyond the remit of this review, it was not possible to come to definitive conclusions on this matter.
- 16** The Working Group recognises that the question of meeting the additional costs associated with disability is of major concern to people with disabilities. An examination of some of the issues concerned highlights the particular difficulties involved in attempting to identify the additional costs that are specifically associated with disability, as opposed to additional costs arising in other circumstances, e.g. long-term dependence on social welfare. These complex issues are being examined separately by the PPF Group on the Feasibility of a Cost of Disability Payment. The Working Group nevertheless, supports the view that the costs of disability should be addressed separately to income maintenance needs.

Chapter 7: Are Poverty and Social Inclusion Objectives Being Met?

- 17** Expenditure on illness and disability payments is substantially redistributed to lower income households, with 76% going towards households in the lowest income decile and 89% going towards households in the bottom half of income distribution. However, the limited data available would suggest that people with disabilities and illnesses face higher poverty rates than the population generally. For instance, while the risk of consistent poverty among households headed by a sick or disabled person has reduced by over a third in the period between 1994 and 2001, this risk is still four times as high as for the population generally. Households headed by a person who is sick or disabled now have the highest risk of falling below relative income thresholds. The risk of consistent poverty for people receiving illness and disability payments has reduced by over a quarter between 1994 and 2001, but this risk is over 3 times higher than for the population generally. For people receiving illness and disability payments, the risk of falling below the 60% relative income line has increased almost five-fold during this period and is now over twice as high as for the population generally. These poverty rates reflect, inter alia, the trends in the rates of social welfare payments relative to incomes generally. They may also reflect –
- the lack of employment opportunities for people with disabilities,
 - the lack of comprehensive support towards meeting the additional costs of disability,
 - the impact of extended duration on social welfare payments, and
 - differences in household composition among this group which can impact on patterns of income and consumption.

These are issues that could usefully be explored in further more detailed research.

- 18** The illness and disability payment schemes make an important contribution towards combating social exclusion of people who are ill and people with disabilities through the provision of adequate income support and they have the potential to do more by strengthening employment support. However, in view of the range of issues emerging, the Working Group considers that the wider social inclusion agenda will have a more important role in this area in the coming years and that the operation of the income maintenance payments for people who are ill or disabled may need to be adapted to take account of these wider issues.

Chapter 8: Are Employment Support Objectives Being Met?

- 19** While DSFA does not itself operate specific employment and training programmes, it aims through its range of supports to encourage and assist people with disabilities and long-term illnesses to identify and take up available employment, training, educational and other self-development opportunities. However, sample surveys undertaken by the Working Group highlight that there are generally very poor outcomes, in terms of progression to employment, resulting from availing of these supports. A significant disincentive to employment, which has been highlighted, is the loss of certain secondary benefits, e.g. the medical card, Mobility Allowance etc. These issues are being examined by the PPF Group on the Feasibility of a Cost of Disability Payment. The Working Group welcomes this examination and stresses the importance of meeting the additional costs of disability in ways that are less dependent on labour force status, if people with disabilities are to be given the opportunity of participating in the workforce.
- 20** The Working Group also identifies a number of other difficulties with the operation of the current social welfare employment supports, including the conflicts in trying to reconcile the underlying qualifying criteria that require claimants to be incapable of work with the fact that many claimants have some employment potential. The Group concludes that there are a number of significant gaps in the operation of the current system of employment supports for this group which need to be addressed, including the fact that there is no provision for partial (in)capacity for work; there is no meaningful assessment of employment potential; there is little active engagement with those who have an employment potential and there is no follow-up on completion or cessation of the employment support measure. A number of options for addressing these difficulties are examined in Chapter 9.

PART 4 – IMPROVING EFFECTIVENESS (CHAPTERS 9 TO 16)

- 21** The Working Group concludes in Part 3 that there is significant scope for rationalisation of the present system. Currently there are 8 income maintenance payments available for people who are ill and people with disabilities – 4 of which are social insurance payments and 4 means-tested social assistance payments (including the Supplementary Welfare Allowance scheme). In addition, the Sickness Allowance is a further social assistance payment that has been legislated for, but not yet commenced. The Working Group recommends the merger of a number of these payments, as detailed in paragraphs 24 to 27 below. Overall the Group's proposals would lead to a significant rationalisation of the system of income support for people with disabilities and illnesses, with a halving of the potential number of different payment schemes from 9 to 5 (or possibly 4) and with clearer distinctions between each payment. This would be of benefit, not alone to claimants in understanding the system, but also to those administering the schemes.

The Working Group also makes a number of other recommendations to improve the overall comprehensiveness and consistency of the illness and disability payments system and examines options for the future development of the range of employment support measures.

Support to Work (Chapter 9)

22 Following on from its examination in Chapter 8 of the extent to which the employment support objectives of the illness and disability payments are being met, *Chapter 9* undertakes an examination of the options for the future development of the system. The Working Group considers that there is no single option which offers a total solution to all of the problems identified with the operation of the current employment supports for people with illnesses and disabilities. Rather a combination of measures is required which should include –

- A recognition that some people’s medical and other circumstances may mean that they have some capacity for work, but may never achieve full-time work;
- Ensuring that whatever employment support measures are adopted do not act as a barrier for people with disabilities and long-term illnesses in maximising their employment and earnings potential;
- Retaining a range of employment supports for different client groups, and ensuring that clients are referred to the most suitable option, having regard to the nature of their illness/disability, age and social circumstances etc.; and
- The introduction of early intervention measures which are aimed at re-integrating people who sustain serious illnesses, injuries and disabilities back into the workforce before they become long-term dependent on social welfare payments.

23 The Working Group recognises that some of these options would involve significant extra resources having to be deployed than is currently the case. However, given the potential gains for both individual clients and for the Department, the Group recommends that these options should initially be explored by way of pilot projects which would be better able to assess the benefits of such approaches, including the additional resources and potential savings involved.

Issues of Simplification (Chapters 10 to 12)

24 *Chapter 10* examines the overlaps between the range of Occupational Injury Benefits (OIB) and social insurance benefits generally. The Working Group recommends that, in principle, where efficiencies can be achieved through the merger of OIB payments with corresponding social insurance payments, such mergers should be pursued. In the context of this particular review, the Group recommends the merger of 2 of the income maintenance payments for people who are ill and people with disabilities under the OIB scheme, i.e. Injury Benefit and Unemployability Supplement, and that this merged payment should only be paid where there is no underlying entitlement to either Disability Benefit (DB) or Invalidity Pension. The introduction of these arrangements would result in administrative savings arising from the reduced burden of investigations into the causes of accidents.

25 *Chapter 11* examines the overlaps between long-duration DB, i.e. DB paid for a year or more and Invalidity Pension. Although both schemes provide income support in the case of long-term incapacity, the essential distinction between them is based on the concept of “permanence”. Invalidity Pension requires permanent long-term incapacity, while long-duration DB requires

long-term but not permanent incapacity. This can lead to difficulties in applying the concept of “permanence” in a clear and consistent way and with the relevance of this concept to the current labour market realities and the objective of supporting return to work. The Working Group examines whether different contingencies are catered for by each scheme, given the similarities between the objectives of both schemes, and concludes that essentially the same contingency is involved.

26 The Working Group considers therefore, that current provision for long-term illness and disability needs to be improved, either by integrating the DB and Invalidity Pension schemes or by the introduction of a clearer distinction between each payment. However, the Group could not agree on which of these options provided the best way forward. Furthermore, in examining this area, the Group could find no objective reasons for treating long-duration DB recipients any differently to other long-term social welfare recipients, particularly Invalidity Pensioners, for income tax purposes. Accordingly, the Working Group recommends that where a DB claim lasts for at least a year, the same tax arrangements as apply in the case of Invalidity Pension should be applied. In addition, arising from its examination of this area, the Group also recommends that a review of the operation of the medical assessment system is warranted and that this should form the basis of a separate review.

27 *Chapter 12* examines the overlap between the Disability Allowance (DA) and Blind Person’s Pension schemes. The Working Group is recommending the merger of these two means-tested payments for people with disabilities. As the DA scheme better reflects the needs of people with disabilities in general, it is recommended that the Blind Person’s Pension scheme be merged into an adapted DA scheme. Existing blind pensioners who are better off under the adapted DA scheme would have their payment increased, while those who would be adversely affected would have their existing entitlements preserved for the duration of their claim.

Issues of Comprehensiveness and Consistency (Chapters 13 to 15)

28 *Chapter 13* examines the comprehensiveness of the social assistance system in providing for people with short-term illness and, in particular, whether there is a need for a separate Sickness Allowance scheme, as has been legislated for. The Working Group considers that whatever arrangements apply in this area should have adequate controls and should not impose a significantly higher administrative burden than the current arrangements or disimprove customer service. The Group also considers that there would have to be sufficient numbers to justify the introduction of any new payment in this area.

29 Three options for dealing with the social assistance needs of people who are temporarily ill or disabled are considered, i.e. adapting the existing DA scheme to cater for both long and short-term illness and disability; introducing a specific payment to cater for short-term illness, e.g. the Sickness Allowance scheme; and retaining the current arrangements. While there are a range of advantages and disadvantages associated with all 3 options, the Working Group considers that none offers a more compelling or convincing case than the others. In view of the lack of any financial gain for clients and the potential disimprovements in customer service associated with the introduction of a Sickness Allowance scheme and based on the limited statistical information available, the Working Group therefore, recommends that the current arrangements for dealing with the social assistance needs of those who are short-term ill or disabled should continue to apply. In addition, the Infectious Diseases (Maintenance) Allowance scheme, which is currently administered by the Health Boards, should be merged into the Supplementary Welfare Allowance scheme.

- 30** The Working Group considers that many of the problems involved in catering for the social assistance needs of people who are temporarily ill arise from the categorised nature of the social assistance payments structure. The introduction of a single means-tested income support payment in place of the current range of contingency-based payments could therefore, resolve many of these difficulties. The Group considered that the implications of such an approach, which would represent a radical departure from the way in which the social assistance system has operated to date, could usefully be explored under the Expenditure Review process
- 31** Two further issues of comprehensiveness are examined in *Chapter 14*. Firstly, the Working Group considers whether there is a potential gap in social insurance protection relating to the lack of cover for illness and disability payments for the self-employed. However, given the complexity of the questions to be addressed in the extension of such cover to the self-employed and the fact that many of the issues involved are beyond the review's remit, including the possibility of increasing the PRSI rates payable by the self-employed to fund such an extension, the Working Group does not make any recommendations in this area. The Group notes however, that these issues are being examined separately by DSFA.
- 32** The second issue examined in *Chapter 14* is the comprehensiveness of cover under the individual payment schemes. While most of the payment schemes are considered to be comprehensive in terms of those covered, a particular gap relates to those in full-time residential care who are generally disqualified for DA purposes. This disqualification has created an anomalous situation within the social welfare system as between the treatment of claimants of DA who are in residential care and the treatment of all other social welfare recipients in similar circumstances. On the grounds of equity, the Working Group recommends the removal of this disqualification. However, its abolition could result in double funding being provided by the State in the case of the maintenance costs of certain people in full-time residential care. A number of options are therefore, examined for avoiding such duplication in funding. In this regard, the Working Group sees merit in the takeover by DSFA of responsibility for the payment of the spending allowances currently provided by or on behalf of the Health Boards, with offsetting savings arising under the Department of Health and Children Vote. The Group welcomes the decision to this effect which was announced in Budget 2003.
- 33** A number of issues relating to consistency of treatment within and between the different illness and disability payment schemes are examined in *Chapter 15*. The Working Group makes a number of recommendations to improve the overall consistency in this area, including taking measures to ensure that the operation of the current graduated rates of DB, which are paid in the case of those on low earnings, do not act as a disincentive to employment; automatically transferring all recipients of illness and disability payments who reach pension age (66 years) onto the appropriate pension payment; and renaming certain illness and disability payments to more accurately reflect the contingencies involved.

Scope for Alternative Approaches (Chapter 16)

- 34** *Chapter 16* examines the scope for alternative approaches to the current social insurance/social assistance model of income support for people who are ill and people with disabilities. In the light of the significant difficulties and uncertainties involved, the Working Group does not recommend any of the alternative approaches for public provision which are examined, i.e. Basic Income, Negative Income Tax or Universal Payment systems. While private insurance and

compensation through the courts can enhance the level of social welfare support provided, the Working Group does not see any wider role for these options in replacing the current State system. However, in the light of a number of developments which have taken place since it was last considered, the Group recommends that a re-examination of the possible introduction of Statutory Sick Pay would have considerable merit at this stage, given the potential administrative savings for DSFA and the potential to reduce absenteeism rates. In view of the issues involved, such consideration would be best progressed through the social partnership structures.

PART 5 – CONCLUSIONS AND RECOMMENDATIONS

- 35.** *Chapter 17* outlines the overall conclusions of the Working Group and also lists the main recommendations. It also examines the impact of the Group's proposals on groups in poverty or at risk of falling into poverty. The Working Group considers that the nature of this review does not lend itself to the standard poverty proofing template which has been developed as part of the NAPS process. Given the administrative nature of many of the proposals contained in this Report and the fact that relatively small numbers of people might be affected by them initially, each of the recommendations has not been assessed individually for their impact on poverty. In keeping with the aim of the review, which is to provide an overview of all income maintenance schemes, it is felt that it would be better to consider the overall impact of these schemes on poverty. The Working Group considers that its analyses comprehensively address the impact of the proposals on groups in poverty and at risk of falling into poverty.

Part 1

Background

Chapter

1 INTRODUCTION

1.1 Background to the Expenditure Review Initiative

The Expenditure Review Initiative¹ is a systematic process for evaluating all of the Government's expenditure programmes, with the twin aims of providing -

- a systematic analysis of what is actually being achieved by expenditure in each spending programme and
- a basis on which more informed decisions can be made on priorities within and between expenditure programmes.

The Expenditure Review Initiative covers all Government Departments and is overseen by a Central Steering Committee which is chaired by the Secretary-General of the Department of Finance.

1.2 Structure of the Expenditure Review Programme

Within the Department of Social and Family Affairs (DSFA) reviews are carried out by Working Groups which are chaired at Principal level, and comprise officers from the policy and executive sections of the Department, other Departments, as appropriate, and the Department of Finance. The Working Groups report to a joint Department of Finance/Department of Social and Family Affairs Steering Group, which has been established to oversee the Department's overall programme of reviews. This Steering Group is chaired by the Secretary-General of DSFA and comprises appropriate officers at Assistant Secretary-General and Principal levels from both Departments.

1.3 Working Group Reviewing the Illness and Disability Payments

The Working Group on the Review of the Illness and Disability Payment schemes comprises representatives of the relevant policy and administrative sections of DSFA, together with representatives of the Department of Finance and the Department of Health and Children. The group held its first meeting on 12 April, 1999 and met on a further 18 occasions. The final report of the Working Group was submitted to the Steering Committee on 1st May, 2003. The membership of the Working Group, together with the approaches that it adopted in progressing the review are set out in Appendix I.

1.4 Background to the Review

A person who is ill or a person with a disability can qualify for one of the following range of payments from the Department of Social and Family Affairs –

- the contributory schemes of **Disability Benefit** for people who are incapacitated for work and **Invalidity Pension** for people who are permanently incapable of working;
- **Occupational Injury Benefits** for those who are incapable of working or suffering from a loss of faculty as a result of an accident at work or due to the development of an occupational disease;

¹ The Expenditure Review Initiative was introduced following Government acceptance of a recommendation of the Co-ordinating Group of Secretaries established under the Strategic Management Initiative. See, in particular, Co-ordinating Group of Secretaries, *Delivering Better Government: A Programme for Change in the Irish Civil Service* (Dublin: The Stationery Office, 1996), 60.

- the means-tested **Disability Allowance** and **Blind Person's Pension** schemes for people whose employment capacity is substantially restricted because of their disability; and
- the means-tested **Supplementary Welfare Allowance**² scheme for people who are incapable of work and not entitled to Disability Benefit or not permanently incapable of work.

A new **Sickness Allowance** scheme was provided for in the Social Welfare Act, 1997. However, for a variety of reasons (including the need to re-examine certain aspects of the legislation), implementation of the scheme was deferred, pending a wider examination of the whole area of social assistance support for people who are ill and people with disabilities.³ In addition, the regional Health Boards operate or provide funding for a number of other supports towards the income maintenance needs of people who are ill and people with disabilities, e.g. the **Infectious Diseases (Maintenance) Allowance** for people undergoing treatment for an infectious disease and the discretionary **Spending Allowance** for people in long-stay institutions.

Expenditure on the illness and disability payment schemes is estimated to be in excess of €1.3 billion in 2003, benefiting some 175,000 recipients and their 107,000 dependants.

1.5 Purpose of the Review

A programme evaluation of any one of the above schemes would need to have regard to the others. For example –

- an examination of the appropriateness (or otherwise) of the current indefinite duration of Disability Benefit cannot be carried out in isolation from the conditions of access to Invalidity Pension,
- the need for the proposed Sickness Allowance scheme to cater for both long-term and short-term cases will depend on the conditions of access to Disability Allowance.

Therefore, unlike most other programme evaluations which have been undertaken by DSFA to date and which look at one specific scheme⁴, the purpose of this study is not to look at the finer details of each of the schemes outlined in paragraph 1.4 above or to make recommendations for detailed changes, but rather to take a general overview of all of the schemes in this area. It is intended that this will set the background against which more detailed programme evaluations can be carried out in this area in the future.

The key elements of this study include clarifying the objectives of each scheme and considering whether they still remain valid, identifying gaps and overlaps in the overall provision, examining overall trends in numbers and expenditure, examining the extent to which the schemes support self-sufficiency as regards incentives to move into work, training or rehabilitation and evaluating possible alternative approaches to the design and delivery of social protection for people who are ill or disabled.

² The Supplementary Welfare Allowance scheme is not confined solely to those who are incapable of work, but applies to all people whose means are insufficient to meet their needs.

³ See Chapter 13: Is There a Need for a Separate Sickness Allowance Scheme?

⁴ See, for example, Department of Social, Community and Family Affairs, *Review of the Carer's Allowance* (Dublin: The Stationery Office, 1998) and Department of Social, Community and Family Affairs, *Review of the One-Parent Family Payment* (Dublin: The Stationery Office, 2000).

The review is also examining the role of the Department of Social and Family Affairs vis-à-vis the role of the Department of Health and Children and the Health Boards in the provision of income support. In particular, it examines the various payments made by the Health Boards, some of which might be regarded as income maintenance (e.g. Infectious Diseases (Maintenance) Allowance) and others, which might be better regarded as “Cost of Disability” payments (e.g. Blind Welfare Allowance).

1.6 Terms of Reference of Review

The review had the following terms of reference, which were agreed by the Steering Committee –

To examine and report on the range of income maintenance payments to people with illness and/or disabilities, including the proposed Sickness Allowance scheme, with a view to:

- (a) identifying the objectives of each scheme;
- (b) having regard to the Department's mission and current strategy, considering the extent to which the objectives remain valid, for each scheme in its own right and also within the overall system of income support for people with illness and/or disabilities; in this regard distinguish between objectives related to income maintenance needs and those related to costs of disability;
- (c) estimating the level and trend of recipients and programme costs for each scheme;
- (d) identifying anomalies and inconsistencies within and between the schemes;
- (e) examining the extent to which the schemes support self-sufficiency, in particular as regards incentives to take up employment/training opportunities in situations where the person's physical condition and social circumstances so warrant;
- (f) examining the scope for alternative policy and/or organisational approaches to achieving the objectives, including alternative financing arrangements.

In undertaking the review, the Working Group shall -

- (i) Take account of international developments and practice in other countries;
- (ii) Consult with stakeholders;
- (iii) Have regard to the appropriate roles of the Social Insurance Fund and the Exchequer.

1.7 Income Maintenance Versus Costs of Disability

As part of its terms of reference the Working Group was charged with the task of distinguishing between objectives relating to income maintenance needs and those relating to costs of disability. In the course of the consultations carried out as part of this review, it was highlighted to the Working Group that the question of meeting the additional costs is an issue of major concern to people with disabilities.

It was noted that disability can give rise to extra costs over and above those incurred by the population generally. These additional costs can include, for example, the cost of aids, appliances, adaptations, care and assistance, extra transport costs etc. However, as people with disabilities represent a diverse group with differing needs, disability can have different consequences for individuals depending on the nature and severity of the disability, the person's

age, social circumstances etc. The additional costs associated with disability are not therefore, incurred to the same degree by all people with disabilities. In the circumstances, the Working Group did not consider that increasing the level of income maintenance payments, such as Disability Allowance, for all recipients was an appropriate method of addressing the additional costs of disability.

It was also noted that the additional costs associated with disability can arise irrespective of whether a person with a disability is working or in receipt of a social welfare payment. Indeed, these costs can be even greater where the person is working. If support towards the additional costs of disability were to be incorporated into income maintenance payments, then this support would be withdrawn on taking up employment, thereby creating a significant disincentive to move from welfare dependency into work.

For these reasons, *the Working Group considered that the additional costs of disability are best met in ways that are less dependent on the person's labour force status. The Group therefore, adopted the approach that needs arising from the additional costs of disability should be addressed separately to income maintenance needs.* This approach is in line with the views of the Commission on the Status of People with Disabilities which are contained in its 1996 Report.⁵

The complex issues involved in addressing how best to meet the additional costs of disability are being examined separately by a group established under the Programme for Prosperity and Fairness on the Feasibility of a Cost of Disability Payment.⁶ The Working Group on the Illness and Disability Payments recognised the importance of the work being carried out by this PPF Group.

Following on from these considerations, the Working Group concentrated its examination on the various payments which relate to the income maintenance needs of people who are ill and people with disabilities. The Working Group nevertheless considered that the question of how best to address the additional costs of disability could not be divorced completely from the consideration of income maintenance needs. This was particularly the case in considering the adequacy of payments (Chapter 6) and in examining how well the employment support objectives of the schemes were being met (Chapter 8).

1.8 Format of Report

The report is divided into 5 parts. **Part 1** contains background information relevant to the review. Chapter 1, together with Appendix I, sets out the background and purpose of the review. Chapter 2, together with Appendices II and III, examines the origins and development of the various illness and disability payment schemes and briefly describes each one. Chapter 3, together with Appendix IV, examines the recent trends in expenditure and numbers of recipients and beneficiaries.

⁵ For example, the Commission recommended that there should be two separate types of payments - one to compensate for loss of income due to an incapacity for full-time work or work to full potential, and another, a graduated payment to meet the additional everyday costs associated with disability. See Commission on the Status of People with Disabilities, *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities* (Dublin: The Stationery Office, 1996), 127.

⁶ Department of the Taoiseach, *Programme for Prosperity and Fairness* (Dublin: The Stationery Office, 2000), 94.

Part 2 examines the scheme objectives (Chapter 4) and their continued relevance (Chapter 5). **Part 3** examines how well the scheme objectives are being met by evaluating the operation of the schemes against the high level goals of income support (Chapter 6), combating poverty and promoting social inclusion (Chapter 7) and support to work (Chapter 8).

Part 4 looks at ways of improving the overall effectiveness of the illness and disability payments schemes. Chapter 9 examines options for the future development of the range of employment support measures. Chapters 10 to 12 examine areas of overlap and duplication with a view to simplification of the system. Chapters 13 to 15 examine issues of comprehensiveness and consistency, while Chapter 16 examines the scope for alternative approaches to the current social insurance/social assistance model of income support for people who are ill and people with disabilities. **Part 5** (Chapter 17) sets out the Working Group's overall conclusions and recommendations.

Chapter

2 SCHEME DESCRIPTIONS AND BACKGROUND

2.1 Identification of Schemes Relevant to this Review

2.1.1 The first task undertaken by the Working Group was to establish which of the various income support payments available to people who are ill and to people with disabilities were encompassed by the terms of reference of this review. The Working Group noted that income support for people who are ill and to people with disabilities is provided for in a number of ways, e.g. through -

- various State payments which are available from the Department of Social and Family Affairs and from the regional Health Boards;
- occupational sick pay and pension schemes;
- permanent health insurance; and
- compensation through the legal system.

2.1.2 However, the main form of income support for this group is provided through the State income maintenance schemes. The provision of these services has, over the years, been fragmented and lacking in co-ordination. For instance, while most income support services are administered by DSFA, the main income support payment for people with disabilities - Disability Allowance - has, until recent years, been administered by the Health Boards.⁷ This arose in part from an understanding of disability as a health issue, an understanding which has pervaded most areas of public policy until recent years. While the Disability Allowance scheme was transferred to DSFA in October, 1996, the Health Boards still continue to administer a number of other income support schemes.

DSFA Payments Considered Relevant to this Review

2.1.3 As outlined in Chapter 1, the Working Group concentrated on the various payments which relate to income maintenance needs. While it considered that payments which address the additional costs of disability were of particular importance to people with disabilities, the Group nevertheless, considered that an examination of such payments was generally outside of its terms of reference. Accordingly, the Working Group examined the relevance of the following DSFA payments for the purposes of this review –

- Disability Benefit (DB)
- Invalidity Pension
- Occupational Injury Benefits
- Disability Allowance (DA)
- Blind Person's Pension
- Supplementary Welfare Allowance
- Sickness Allowance

⁷ This payment was known as Disabled Person's (Maintenance) Allowance (DPMA) when it was administered by the regional Health Boards up until October, 1996.

2.1.4 Apart from the Occupational Injury Benefits, all of the other DSFA payments listed above are considered to relate to income maintenance needs and are therefore, of direct relevance to this review. It was noted that Occupational Injury Benefits encompass a range of payments which are available to insured workers and their dependants in the event of an accident at work or the development of an occupational disease. Four main types of benefit are available which broadly match the various consequences of an accident at work -

- *Injury Benefit* in the case of loss of earnings because of incapacity following the injury,
- *Disablement Benefit* in the case of residual loss of physical and mental faculty,
- *Death Benefit Pensions* in a fatal case,
- *Medical Care* in the case of a morbid condition.

2.1.5 The Working Group considered that the Injury Benefit scheme is an income maintenance payment, similar to Disability Benefit, and it is of relevance to this review. The Disablement Benefit scheme is however, different to most other social welfare payments in that it compensates for loss of physical and mental faculty. Therefore, it can be paid regardless of the labour force status of the claimant. In the circumstances, the Working Group considered that this benefit does not relate to income maintenance needs, but is relevant in meeting the additional costs arising from disability. It was also noted that there are two supplements payable with Disablement Benefit - *Unemployability Supplement*, which is paid where a person is permanently incapable of work as a result of an occupational accident and does not qualify for either Disability Benefit or Invalidity Pension and *Constant Attendance Allowance*, which is paid where a person requires constant attendance as a result of the relevant loss of faculty. Unemployability Supplement is considered to be an income maintenance payment, similar to Disability Benefit, and to be of relevance to the review. The Constant Attendance Allowance is a payment in recognition of the additional costs associated with caring needs and is not therefore, considered to be of relevance to this review.

2.1.6 Under the Death Benefits scheme, pensions are available to widows, widowers, orphans and dependent parents of insured people who die as a result of an accident at work or the development of an occupational disease. While these pensions relate to income maintenance needs, as the recipients are not themselves ill or disabled, the Working Group considered that they are not relevant to this review. Finally, under the Medical Care scheme, people who are injured at work or who contract an occupational disease can claim the cost of certain expenses in respect of medical care and attention. Accordingly, the Medical Care scheme is not an income maintenance payment, but rather meets additional costs of disability.

2.1.7 In the circumstances, the Working Group considered that Injury Benefit and Unemployability Supplement are the only elements of the Occupational Injury Benefits scheme which are of relevance to this review.

Health Board Payments Considered Relevant to this Review

2.1.8 The following payments administered by the regional Health Boards were also examined to see if they were relevant to this review -

- Infectious Diseases (Maintenance) Allowance
- Blind Welfare Allowance
- Spending Allowance for Persons in Long-Stay Institutions

- 2.1.9** The Working Group considered that the Infectious Diseases (Maintenance) Allowance and the Spending Allowance for Persons in Long-Stay Institutions relate to income maintenance needs and are of relevance to the review. While the objectives of the Blind Welfare Allowance are somewhat unclear, the Working Group nevertheless considered that its purpose is to go some way towards meeting the additional costs incurred as a consequence of being blind or visually impaired. Accordingly, it is not considered to be of relevance to this review (but see Chapter 12, section 12.7).

Other Payments Examined but Considered not to be Relevant to this Review

- 2.1.10** It was noted, too, that there are a number of other allowances which are available to the same or similar target groups, but which were not relevant to the Review. These include the “Free” Schemes, which are available, in general, to people in receipt of disability payments, old age payments and others over prescribed ages. The “Free” Schemes are also available to recipients of the Carer’s Allowance.⁸ The Health Boards also pay Mobility Allowances and Motorised Transport Grants. These payments are not covered in detail in the Review as they cover specific needs as distinct from general income maintenance needs. However, factual information on these schemes is sometimes included for ease of reference.

2.2 Background to Schemes Examined in this Review

An outline of the origins and development of the various schemes examined by the Working Group is contained in Appendix II. As will be seen, the earliest social welfare measures enacted by the State related to the needs of people who were ill and people with disabilities, e.g. the Workmen’s Compensation Act, 1897 and the National Insurance Act, 1911.

2.3 Descriptions of Schemes

A brief description of each of the State income maintenance schemes for people who are ill and people with disabilities is set out in Appendix III. This Appendix also contains tables summarising the main conditions for entitlement to the various schemes.

⁸ The Carer’s Allowance scheme and the “Free” schemes have been reviewed separately – see Department of Social, Community and Family Affairs, *Review of the Carer’s Allowance* (Dublin: The Stationery Office, 1998) and Quinn, Orlaigh, *A Review of the Free Schemes operated by the Department of Social, Community and Family Affairs* (Dublin: The Policy Institute, Trinity College Dublin, 2000).

Chapter

3 TRENDS IN NUMBERS AND EXPENDITURE

3.1 Introduction

3.1.1 The Terms of Reference require the Working Group to “*estimate the level and trend of recipients and programme costs for each scheme*” covered by the review. In this Chapter, we examine the overall trends in numbers and costs of the various illness and disability payment schemes, comparing these trends with relevant general demographic data, where possible.⁹

3.1.2 The Working Group encountered a number of difficulties in estimating trends in numbers and expenditure, due to the lack of relevant data in the case of some of the illness and disability schemes. Even where data was available, some of this was found to be unreliable. This was especially so in the case of data relating to the earlier years examined and also in relation to the “smaller” illness and disability payment schemes, such as Blind Person’s Pension and Infectious Diseases (Maintenance) Allowance. Another difficulty encountered was the lack of reliable data on the number of people with disabilities and people who are sick among the population in general and their circumstances. This lack of general statistical information has hampered the Working Group in fully analysing the changes in trends which have occurred over the period examined. However, the publication of the results of the 2002 Census, which included for the first time a question on disability, will provide significant additional insights into the situation of people with disabilities in Ireland.

3.2 Trends in Expenditure

Overall Trends in Expenditure on Illness/Disability Payments 1982-2002

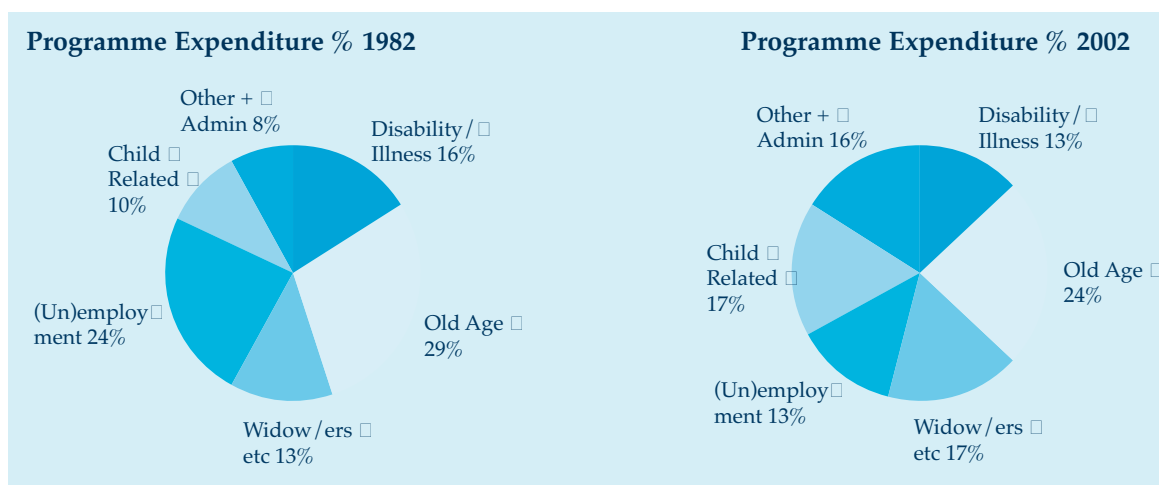
3.2.1 Total expenditure on the illness and disability payments between 1982 and 2002 is set out in Table A in Appendix IV.¹⁰ Total expenditure on all of these schemes is estimated to be in excess of €1,288m. in 2002 and this represents almost a four fold increase in expenditure between 1982 and 2002. Total expenditure on illness/disability payments accounts for 13.5% of total social welfare expenditure¹¹ and 3.9% of Gross Government Expenditure. Expenditure on the illness/disability payments in 2002 represented the fourth largest social welfare spending programme, following expenditure on old age (24%), widow / ers and one-parent families (17%) and child-related payments (17%). Expenditure on illness/disability payments now exceeds expenditure on unemployment payments (10%) – see Table B in Appendix IV.

3.2.2 As a percentage of total social welfare expenditure, spending on the illness and disability payment schemes declined from 16% in 1982 to 13% in 1992 and remains at this level in 2002. However, this has to be viewed against a backdrop of significant changes in other social welfare expenditure programmes during this period. For instance, between 1992 and 2002 expenditure on unemployment support as a proportion of overall social welfare expenditure fell from 28% to 10%, while expenditure on child-related payments increased from 7% to 17%.

⁹ The majority of the statistical information in this Chapter has been sourced from the annual Statistical Information on Social Welfare Services published by the Department of Social and Family Affairs.

¹⁰ For the purposes of this Chapter, expenditure on illness and disability payment schemes includes expenditure on the following DSFA administered schemes - Disability Benefit, Invalidity Pension, Occupational Injury Benefits, Disability Allowance and Blind Person’s Pension, and expenditure on the Health Board administered schemes - Infectious Diseases (Maintenance) Allowance and Disabled Person’s (Maintenance) Allowance (up to 1996). Expenditure data does not include expenditure on Supplementary Welfare Allowance, as it was not possible to distinguish between payments for those who are ill and other categories of SWA recipients.

¹¹ References in this Chapter to total social welfare expenditure also includes expenditure on the Health Board administered illness and disability payment schemes listed in footnote 10.

Figure 3.1: Illness/Disability Expenditure as a Proportion of Overall Social Welfare Expenditure

3.2.3 As the purpose of this review is to take a broad overview of the provision of income maintenance to people with disabilities and people who are sick, the Working Group did not attempt to identify the administrative costs of each of the schemes involved when it was examining the programme costs. This was considered to be a matter which would be more appropriate to the more detailed types of reviews which it is envisaged would be carried out in this area on completion of this review. Nevertheless, the Working Group noted that, due to their nature, different illness/disability payment schemes require different levels of administrative effort. For example, means-tested payments such as Supplementary Welfare Allowance require greater administrative effort to operate than social insurance payments, such as Disability Benefit.

Trends in Expenditure on Different Illness/Disability Payment Schemes

3.2.4 While overall expenditure on illness and disability payment schemes has increased progressively in each of the last 20 years, there have been different spending patterns as between different payment schemes. Although definitive statistics are not available for the 1980's, it is clear from the information available that the ratio of spending between short-term and long-term schemes has changed considerably. During the 1980's, the majority of illness/disability expenditure went towards the short-term payment schemes. However, by 2002 this trend had been reversed, with 64% of expenditure going towards long-term payments and the balance of 36% being spent on short-term payments.

3.2.5 For instance, spending on DB increased progressively between 1982 and 1986. However, between 1987 and 1996, year on year DB expenditure either fell or remained static (despite the annual increases in the rates of payment). This is explained by the significant reduction in the number of DB recipients which occurred during this period, resulting from the introduction of tighter control measures and the reduction in the numbers of qualified adult and child dependants arising from revised dependency arrangements which were introduced in 1986. Similar trends emerged in relation to expenditure on Injury Benefit during the mid-1980's to mid-1990's and the reduction in this expenditure was further affected by the alignment of the rate of Injury Benefit with the DB rates, from 1992. The rate of expenditure on the Disability Allowance scheme increased steadily during the period 1982 to 2002, with a significant increase in expenditure having occurred during recent years. For example, between 1982 and 1992 expenditure on DA increased by 178%. However, in the last 5 years expenditure has more than doubled. Expenditure on the Invalidity Pension scheme has increased consistently over the last 20 years, with expenditure having increased by over 65% between 1999 and 2002.

Social Insurance/Social Assistance Breakdown of Expenditure

3.2.6 While expenditure on the social insurance illness and disability payments is currently twice as high as expenditure on social assistance payments, there has been a progressive decline in the proportion of expenditure accounted by social insurance illness and disability payments over the last 20 years. For instance, in 1982 only 12% of illness/disability expenditure was accounted for by social assistance payments. By 1992 this had increased to 20% and in 2002 social assistance schemes accounted for 1/3rd of illness/disability expenditure. As a proportion of overall social welfare expenditure, total social insurance expenditure has seen a similar decline during the same period. For instance, in 1982 44% of total social welfare expenditure was accounted for by social assistance payments. By 1992 this had risen to 52% and further increased to 54% in 2002 (see Table C in Appendix IV).

3.2.7 The changes in the breakdown of illness/disability expenditure between social insurance and social assistance can be explained in part by the significant reduction in numbers now claiming DB as compared with the numbers in the early-1980's. Economic and demographic factors have also played a part. For instance, the increase in the labour force participation rate of married women has led to a reduction in the numbers in respect of whom qualified adult increases are being paid and also a reduction in expenditure on qualified child increases.¹² The reduction in the birth rate has led to a further reduction in expenditure on increases for qualified children.¹³ In addition, the improvements which have been introduced in the DA scheme since its takeover in 1996, together with the continuing policy of moving people from institutional care to care in the community have led a significant increase in the numbers claiming this allowance. Another factor which has had an impact in this area was the policy pursued during the late 1980's of increasing the lowest rates of social assistance, including DPMA, up to the level of the short-term social insurance payments.

3.2.8 The Working Group considered that, in the medium to long-term, the significant increase in the numbers in work in recent years and the extension of full social insurance cover to a number of existing categories of workers, e.g. part-time workers and permanent and pensionable public servants, should lead to higher numbers claiming social insurance illness/disability payments and a reduction in the number of new claims for social assistance payments, including DA.¹⁴ *Given that there has been no evidence of such a trend emerging to date, the Working Group considers that this is an area that would merit closer examination in a more detailed review of the DA scheme.*

3.3 Trends in Numbers of Recipients and Beneficiaries

Overall Trends in Numbers on Illness/Disability Payments 1982-2002

3.3.1 The total number of recipients of illness/disability payments has increased by 46% since 1982, while the total number of beneficiaries (i.e. recipients and their dependants) has increased by about 22% during the same period. Recipients of illness and disability payments now account for 20% of all social welfare recipients, while beneficiaries of these payments also account for 20% of all social welfare beneficiaries (see Tables D and E in Appendix IV). The total number of recipients of illness/disability payments represents the third largest group of social welfare recipients, following old age pensioners (31%) and widow/ers and one-parent families (23%). The total number of beneficiaries of these payments also represents the third largest group of beneficiaries, behind widow/ers and one-parent families (25%) and old age pensioners (24%). As a percentage of total social welfare recipients, recipients of illness and disability payments

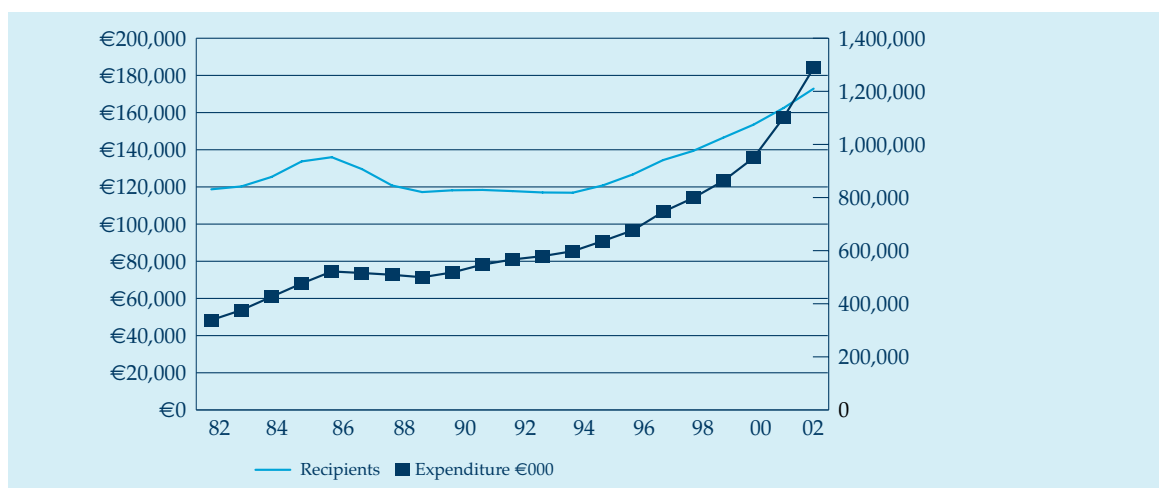
¹² This occurs as qualified child increases are generally only payable at 1/2 rate where the spouse of a recipient is in employment.

¹³ The demographic changes and revised dependency rules have had a more significant impact on social insurance payments such as DB and Invalidity Pension than on the means-tested Disability Allowance scheme, as the majority of DA recipients do not have any dependants.

¹⁴ For example, the numbers insured for all social insurance benefits, including DB and Invalidity Pension, increased by 86% in the last 10 years, from 970,000 in the 1991/92 tax year to 1,809,202 in the 2002 tax year.

have fluctuated over the years, falling from 19% in 1984¹⁵ to 15% in 1992 and increasing to about 20% in 2002. The total number of beneficiaries of illness and disability payments as a proportion of total social welfare beneficiaries has similarly fluctuated over the years, with the number of beneficiaries of these payments falling from about 21% of total social welfare beneficiaries in 1984 to 16% in 1992 and increasing to 20% in 2002.

Figure 3.2: Recipients and Expenditure on Illness/Disability Schemes, 1982 – 2002



Trends in Recipients

3.3.2 Over the last 20 years, the total number of people in receipt of illness and disability payments has fluctuated, increasing initially from about 118,700 in 1982 to 136,000 in 1986, before falling back to about 116,900 in 1994. Numbers have since been increasing steadily and had risen to 172,900 by 2002 – an increase of 54,200 since 1982. Within these overall figures, there has been a considerable shift in the composition of those who are in receipt of illness and disability payments as between those receiving short-term payments and those in receipt of long-term payments.¹⁶ For instance, the number of people claiming short-term illness payments almost halved from a peak of over 82,100 in 1986 to 43,500 in 1994. These numbers have gradually increased to about 55,800 in 2002. The numbers claiming long-term disability payments have more or less increased continually over the last 20 years, up from about 46,900 in 1982 to over 117,000 in 2002 – an increase of about 70,100 (150%) (see Table F in Appendix IV).

3.3.3 The drop in the number of people claiming short-term illness payments is attributable principally to the significant reduction in the numbers claiming Disability Benefit – down from a peak of about 79,200 in 1986 to some 41,800 in 1995. These numbers have increased steadily since 1995, as a result of the significant increase in the labour force and the extension of full social insurance cover to additional categories of workers. Similar trends emerge in relation to the number of recipients of Injury Benefit and Interim DB, while the numbers on Infectious Diseases (Maintenance) Allowance have been declining throughout the 1990's. However, the numbers on the last 3 mentioned schemes are relatively small.

3.3.4 The substantial increase in the number of people receiving long-term disability payments is accounted for by the steady increase in the numbers of Invalidity Pensioners and recipients of Disability Allowance, with a significant acceleration in the numbers on DA having occurred since the scheme was taken over from the Health Boards. For instance, the numbers on DA have

¹⁵ For the purposes of comparing trends in recipients and beneficiaries, 1984 has been used as the base year, as more comprehensive data on all of the illness/disability payment schemes is only available from this year onwards. In addition, the number of dependants (i.e. qualified adults and qualified children) has been estimated in some cases, as accurate statistics are not available. Numbers of dependants of recipients of DPMA and IDMA have been estimated in all cases.

¹⁶ The following payments have been classified as short-term – Disability Benefit, Interim Disability Benefit, Injury Benefit and IDMA, while Invalidity Pension, Blind Person's Pension and Disability Allowance have been classified as long-term payments.

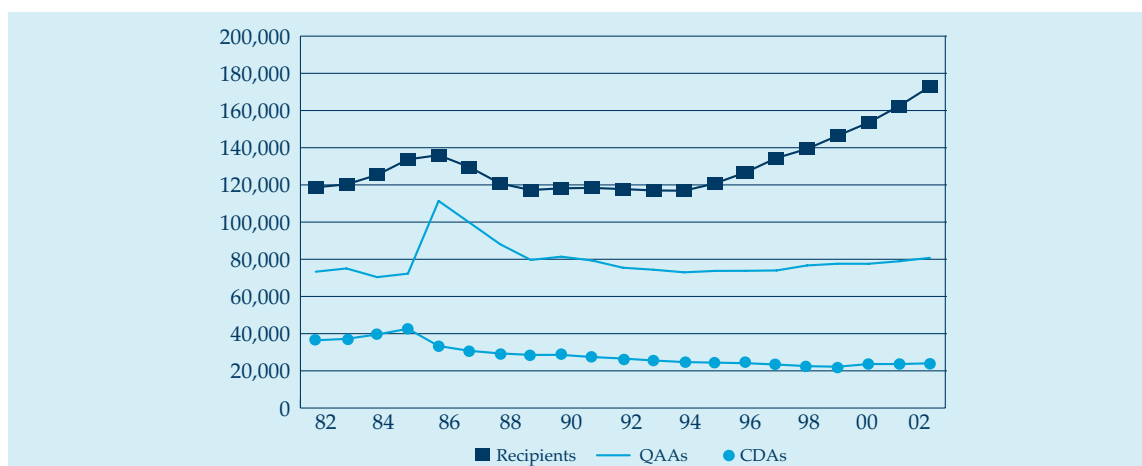
increased from about 34,500 in October, 1996 to almost 62,800 in December, 2002, up by 28,300 (82%). The number of Invalidity Pensioners has increased at a steady pace during the last 20 years, up from about 20,400 in 1982 to 52,100 in 2002 – an increase of 156%. However, the number of Blind Pensioners has been slowly declining over the years and now stands at less than 2,100 in 2002.

- 3.3.5** There are a number of reasons for the increase in the numbers in receipt of long-term disability payments. For instance, the significant increase in the numbers in employment in recent years, together with the extension of social insurance cover to additional categories of workers, e.g. part-time workers, has led to an increase in the numbers covered for social insurance disability payments. In addition, the policy of moving people from institutional care into the community has led to an increase in the numbers claiming disability payments such as DA. The range of significant improvements introduced in recent years has also led to increased take-up under the DA scheme. In addition, many people have moved from other social welfare payments to DA in recent years, e.g. 15% of all new awards since the takeover of the DA scheme in 1996 have transferred from Unemployment Assistance. This may be explained, in part, by the range of additional benefits that are available to DA recipients, such as the “Free” schemes.

Trends in Beneficiaries

- 3.3.6** Detailed statistics on the numbers of qualified adult and qualified child dependants of the various illness and disability payment schemes have not been compiled on a consistent basis over the years. In some cases where this information is available, its accuracy is open to question. However, more accurate information in relation to the number of dependants under the main illness and disability schemes is available for recent years. Nevertheless, the limited information available highlights that significant changes in the numbers of dependants of recipients of illness/disability payments have occurred over the years. For instance, it is estimated that the total number of dependants increased by a little over 4% between 1982 and 2002, with the number increasing steadily during the period from 1982 to 1986, before falling back during the period from 1987 to 1997 to below their 1982 levels. Since 1998, numbers of dependants have begun to increase again, but still remain below the 1982 levels.
- 3.3.7** Somewhat different trends emerge when looking at the changes in the number of qualified adults and qualified children of recipients of illness/disability payments. Numbers of qualified adults increased between 1982 and 1985, when they peaked. Between 1986 and 1999, the numbers of qualified adults fell sharply, to about 1/2 of their 1985 levels. Since 2000, qualified adult numbers have begun to increase again. But in 2002 they were still significantly below their 1982 levels. Numbers of qualified children fluctuated during the early 1980's, but peaked in 1986. Between 1987 and 1994 numbers declined, but have since increased steadily and by 2002 they were well above the 1982 levels (see Tables G, H and I in Appendix IV).
- 3.3.8** The changes in dependency numbers outlined above can be accounted for by a number of factors, including the impact of the revised dependency arrangements which were introduced in 1986, the overall decline in the birth rate and the increase in labour force participation rates generally and, in particular, the increase in the participation rate of married women in recent years.

Figure 3.3: Number of Recipients, Qualified Adults and Qualified Children of Illness/Disability Schemes, 1982 – 2002



Trends in Qualified Adult Numbers

3.3.9 Overall, between 1982 and 2002 it is estimated that the number of qualified adults of recipients of illness/disability payments have fallen by 34%. Because of the lack of information, it has not been possible to accurately examine the trends in numbers of dependants of the DPMA/Disability Allowance, Blind Person's Pension and Infectious Diseases (Maintenance) Allowance schemes. The numbers of qualified adults of DB recipients have seen a significant drop between 1982 and 2002, down from 23,800 to 7,800 – a fall of 67%. As a percentage of total DB recipients, the numbers of qualified adults have more than halved from 35% in 1982 to 14% in 2002. In the case of the Invalidity Pension scheme, the numbers of qualified adults have increased between 1982 and 2002, up from about 9,200 to 10,700 – an increase of about 16%. However, as a percentage of total Invalidity Pensioners, the numbers of qualified adults have also more than halved from 45% in 1982 to 20% in 2002.

Trends in Qualified Children

3.3.10 Overall, it is estimated that the number of qualified children of all recipients of illness/disability payments has increased by 10% between 1982 and 2002. However, the number of qualified children of DB recipients has fallen between 1982 and 2002, down from 51,700 to 44,430 – a fall of about 14%. As a percentage of total DB recipients, the numbers of qualified children have fluctuated, increasing from 76% in 1982 to 111% in 1986 and falling back to 81% in 2002. In the case of the Invalidity Pension scheme, the numbers of qualified children have increased between 1982 and 2002, up from about 12,700 to 21,300 – an increase of about 67%. As a percentage of total Invalidity Pensioners, the numbers of qualified children have fallen from 62% in 1982 to 41% in 2002. The differences in the patterns between claims for qualified children among recipients of DB and Invalidity Pension may be attributable to the different demographic profiles of the two sets of recipients, particularly in terms of age and, to a lesser extent, gender.

3.3.11 Following the introduction of the new dependency arrangements in 1986, Child Dependant Allowances are payable at half-rate where the spouse is not regarded as being dependent on the recipient. As a result, 70% of all Child Dependant Allowances paid to recipients of illness and disability payments are now paid at half-rate – 82% in the case of Disability Benefit, 65% in the case of Invalidity Pension and 57% in the case of Injury Benefit.¹⁷ However, in the case of the

¹⁷ In instances where each spouse is in receipt of a social welfare payment in their own right, half-rate qualified child increases are paid to each spouse. This can result in double counting of the number of qualified children where both parents are in receipt of an illness or disability payment in their own right.

means-tested Disability Allowance and Blind Person's Pension schemes, the majority of Child Dependant Allowances are paid at full rate – 62% in the case of Disability Allowance and 57% in the case of Blind Person's Pension.

Social Insurance/Social Assistance Breakdown in Numbers

- 3.3.12** Similar to the trends highlighted in paragraph 3.2.6 above in relation to expenditure, there has been a progressive decline in the proportion of recipients of the various illness and disability payment schemes accounted for by those on social insurance payments over the last 20 years. While the proportion of social insurance recipients of illness/disability payments increased during the period up to 1986, there has been a significant decline in the meantime. For instance, 77% of recipients of illness/disability payments were in receipt of social insurance payments in 1982 and this has fallen to about 62% in 2002. This means that the percentage relationship between recipients of and expenditure on social insurance and social assistance illness/disability payments is more closely aligned now than it had been in 1982 (see tables C and J in Appendix IV).
- 3.3.13** There has also been a progressive decline in the proportion of beneficiaries of the various illness and disability payment schemes accounted for by those on social insurance payments over the last 20 years. While the numbers of social insurance beneficiaries increased somewhat during the period up to 1986, they have declined significantly as a proportion of overall beneficiary numbers in the meantime. For instance, 85% of beneficiaries of illness/disability payments were in receipt of social insurance payments in 1982 and this has fallen back to about 69% in 2002. The percentage relationship between the numbers of beneficiaries of and expenditure on social insurance and social assistance illness/disability payments has continued to be closely aligned over the years (see tables C and K in Appendix IV).

3.4 Comparison with General Demographic Data

- 3.4.1** In this section we compare the numbers on the different illness/disability payments with the available comparative data on the numbers of people who are sick and people with disabilities among the population generally.

Comparison with Census Data

- 3.4.2** There are different minimum age requirements for the different illness and disability payment schemes, ranging between 16 and 21 years.¹⁸ For comparative purposes therefore, the total number of recipients and beneficiaries of all illness and disability payments has been compared with the total population aged 15 years and over. In addition, the total number of beneficiaries (including qualified children) has been compared with the total population. As will be seen in Table 3.1, this comparison reflects similar fluctuations to those occurring in the total number of recipients and beneficiaries of illness and disability payments, as outlined in section 3.3 above.

¹⁸ For instance, Disability Allowance and Infectious Diseases (Maintenance) Allowance are available from 16 years, while Blind Person's Pension is available from 18 years. Effectively a person must be at least 16 years and 9 months to qualify for DB and at least 21 years for Invalidity Pension. Injury Benefit can be paid to some people aged under 16 years.

Table 3.1: Comparison between Total Recipients and Beneficiaries of Illness/Disability Payments and Total Population

Year ¹⁹	Total Recipients of Illness/Disability Payments as % of Total Population aged 15+	Total Beneficiaries of Illness/Disability Payments as % of Total Population
1981	4.8%	6.4%
1986	5.4%	7.9%
1996	4.6%	6.2%
2002	5.6%	7.1%

3.4.3 The Census also includes a category of people who are classified as being unable to work due to permanent illness/disability. The illness and disability payments that most closely relate to this classification are the Invalidity Pension, Disability Allowance and Blind Person's Pension schemes, and these are compared with the Census numbers for those aged 15 and over in Table 3.2 below. However, many people in receipt of these payments may have some work potential and may not fall into the classification of being permanently unable to work due to illness and disability. Equally, some of the recipients of the other illness payments that have not been included here could be classified as being permanently unable to work, e.g. long-term recipients of Disability Benefit.

Table 3.2: Comparison between Total Recipients of Illness/Disability Payments and Total Population aged 15 and over Classified as being Unable to Work due to Permanent Illness/Disability

Year ²⁰	Total Recipients of Illness/Disability Payments as % of Total Population aged 15+ Classified as being Unable to Work due to Permanent Illness/Disability
1981	54.7%
1986	66.3%
1996	104.7%.

Quarterly National Household Survey

3.4.4 The November 2002 Quarterly National Household Survey (QNHS) on Disability in the Labour Force indicated that over 10% (271,000) of people aged between 15 and 64 reported a longstanding health problem or disability.²¹ Of these, 53% were males and 47% females. This compares with a 51:49 male/female ratio of recipients of illness and disability payments and a 65:35 ratio of those classified in the 1996 Census as being unable to work due to permanent illness or disability. Of those identified in the QNHS as reporting a longstanding health problem or disability, 60% (162,400) indicated that they were not in employment. This compares with a total of 163,800 recipients of the illness and disability schemes aged under 65. However, many of those on illness/disability payments would be short-term recipients, e.g. DB and Injury Benefit, and would represent a different group to those in the QNHS.

¹⁹ Based on Census of Population for the years 1981, 1986, 1996 and 2002.

²⁰ 2002 Census figures for this category were unavailable at the time of writing.

²¹ Central Statistics Office, *Disability in the Labour Force: Quarterly National Household Survey, Second Quarter 2002* (Dublin: Central Statistics Office, 2002).

- 3.4.5** An age analysis of the QNHS data indicates that the incidence of having a longstanding health problem or disability increases with age, with 26% aged under 35 years; 18% aged between 35 and 44; 25% aged between 45 and 54; and 31% aged between 55 and 64 years.

Comparison with Insured Population

- 3.4.6** Table 3.3 shows that, as a percentage of the total number of people insured for these benefits, the total number of DB and Invalidity Pension recipients has fallen back in recent years from about 11% in 1986 to 5.6% in 2001. While the total number in receipt of DB and Invalidity Pension has been increasing steadily in recent years, this increase has been at a much lower rate than the significant increase in the insured population that has occurred during the same period.

Table 3.3: Recipients of DB and Invalidity Pension as a Percentage of the Insured Population

Year	% of Insured Population
1953: Social Insurance system introduced – only relates to DB	6.2%
1969: Immediately before the introduction of Invalidity Pension	8.3%
1986: Peak in numbers on DB	10.9%
1994: Year in which DB numbers fell to their lowest following introduction of various control measures	8.6%
2001: Latest figures available	5.6%

- 3.4.7** As a percentage of the number of people insured for Occupational Injury Benefit purposes, the total number of recipients of Injury Benefit, Disablement Benefit and Death Benefit Pensions has remained fairly constant, generally ranging between 0.6% and 0.8%. In 2001, this figure stood at about 0.61%.

3.5 Age and Gender Analysis

Age Analysis of Main Illness/Disability Payment Schemes

- 3.5.1** An age analysis of the main illness/disability payment schemes is set out in Table 3.4. Overall, recipients are evenly distributed between those under 50 years and those aged 50 years and over, although it should be noted that DB and DA are only paid up to 65 years. Nevertheless, different trends emerge between the different schemes, reflecting the different profiles of the client groups. For instance, the number of younger people in receipt of DB is relatively low, with 11% under 30 years. DB recipients are fairly evenly distributed in the different age cohorts above 30 years. Most recipients of Injury Benefit, on the other hand, are in the younger age groups, with over 50% aged under 40 years and only about 25% aged 50 years and over.
- 3.5.2** Invalidity Pensioners are more likely to be in the older age groups, with 78% aged 50 and over and only 1% of Invalidity Pensioners aged under 35 years. The number of Invalidity Pensioners increases progressively according to age. Higher numbers of DA recipients are in the younger age groups, reflecting the fact that this scheme caters for those with disabilities from birth or an early age and that payment ceases at 66 years. For instance, over 15% of DA recipients are under 25 years, with 45% aged under 40 years. DA recipients are fairly evenly distributed in the age cohorts above 25 years. Almost 57% of Blind Pensioners are aged 50 and over, with the incidence of claiming Blind Person's Pension generally increasing with age.

Table 3.4: Age Analysis of Main Illness/Disability Payment Schemes

Age ²²	Overall	DB	Invalidity Pension	Injury Benefit	DA	BPP
Under 25 years	7%	4%	-	14%	15%	5%
25 to 29 years	6%	7%	-	12%	10%	6%
30 to 34 years	8%	12%	1%	13%	10%	7%
35 to 39 years	9%	13%	3%	13%	10%	8%
40 to 44 years	10%	13%	7%	13%	10%	8%
45 to 49 years	11%	13%	11%	10%	10%	9%
50 to 54 years	13%	13%	16%	12%	11%	10%
55 to 59 years	15%	13%	22%	8%	12%	10%
60 to 64 years	16%	11%	27%	5%	10%	9%
65 years and over	5%	1%	13%	-	2%	28%

Gender Analysis of Main Illness/Disability Payment Schemes

3.5.3 Table 3.5 gives an age and gender analysis of recipients of all of the illness/disability payment schemes. While there is a fairly even overall distribution between male and female recipients of all of the illness/disability payment schemes (51:49), there are differences as between the different age cohorts. For instance, the highest concentration of female recipients is in the 30 to 45 age cohort, while the highest concentration of male recipients is in the 55 to 64 age group. These age differences are more marked among some of the individual payment schemes, such as DB (see paragraph 3.5.6 below).

Table 3.5: Age and Gender Analysis of Recipients of Illness/Disability Payments

Gender	Under 30 %	30-44 %	45-54 %	55-64 %	65+ %	Total %
Male	7	11	12	18	3	51
Female	6	16	12	13	2	49
Total	13	27	24	31	5	100

3.5.4 Table 3.6 compares the gender analysis of recipients of all illness and disability payments with a gender analysis of a number of comparative population groups. The proportion of male recipients compares broadly with the proportion of males in the general population; the population aged 15 and over; and also the population in the main working ages (15 to 64). However, male recipients are under-represented when compared with the proportion of males in the insured population and also with those actively participating in the work force. Similarly, females are over-represented when compared with the insured population and those actively participating in the work force.

Table 3.6: Gender Comparison with General Population

Gender	All Illness/ Disability Payments	General Population	Population Aged 15 and over	Population Aged 15 to 64	Insured Population (All Classes)	Labour Force Participants
Male	51%	49.7%	49.2%	50.2%	56.0%	58.4%
Female	49%	50.3%	50.8%	49.8%	44.0%	41.6%

Age and Gender Profile for Individual Illness/Disability Schemes

3.5.5 Table 3.7 provides an age and gender analysis of the main illness and disability payment schemes. Significantly different patterns emerge in relation to the different schemes and these are described in paragraphs 3.5.6 to 3.5.10 below.

Table 3.7: Age and Gender Profiles of Principal Illness/Disability Schemes

Age	Disability Benefit		Invalidity Pension		Injury Benefit		Disability Allowance		Blind Person's Pension	
	Male %	Female %	Male %	Female %	Male %	Female %	Male %	Female %	Male %	Female %
Under 30	5	7	0	0	19	7	15	11	5	6
30-44	10	28	4	7	28	11	18	12	11	13
45-54	10	16	13	13	16	6	13	8	9	9
55-64	13	11	30	20	10	3	13	8	9	10
65+	0	0	7	6	0	0	1	1	16	12
Total	38	62	54	46	73	27	60	40	50	50

Disability Benefit

3.5.6 38% of recipients of Disability Benefit are male, as compared with 62% who are female. This compares with the 52:48 male/female ratio among the total insured population covered for DB purposes. Accordingly, females are significantly over represented in the claim load for Disability Benefit – by 14 percentage points. This difference is even more striking at certain age levels, with female recipients more likely to be in the younger age groups. For instance, 56% of female recipients are under 45 years of age, as compared with 38% of male recipients. Female recipients aged under 45 years account for 33% of all DB recipients, as compared to 14% in the case of males. In the age group 35 to 44, there are over 2½ times as many female recipients as there are male recipients. Male recipients only exceed female recipients in the oldest age groups (60+).

Invalidity Pension

3.5.7 54% of recipients of Invalidity Pension are male, while 46% are female. This ratio is more closely aligned to the breakdown of the population insured for Invalidity Pension purposes, with males being over-represented by 2 percentage points. As there is no upper age limit for Invalidity Pension, a comparison with the total population aged 15 years and over shows that male Invalidity Pensioners are over-represented by about 5 percentage points, with females being similarly under-represented. However, as in the case of Disability Benefit, female Invalidity

Pensioners exceed males in the younger age groups, with female recipients aged under 45 outnumbering males by about 2 to 1. Much smaller numbers of Invalidity Pensioners are in the younger age groups – 11% of overall recipients are younger than 45 years. In the older age groups, males exceed females. For instance, 68% of male Invalidity Pensioners are aged 55 or over, as against 56% of female Invalidity Pensioners.

Injury Benefit

- 3.5.8** There is a significant difference in the incidence of claiming Injury Benefit as between males and females. 73% of Injury Benefit recipients are male, while 27% are female. This compares with a 52:48 male/female ratio among the total insured population who are covered for Occupational Injury Benefit purposes. This substantial over representation of males (21 percentage points) amongst the Injury Benefit claim load may be explained, in a large part, by the over representation of males in the most dangerous types of employment. For example, almost 80% of those employed in construction, production industries, agriculture and forestry are male. The majority of Injury Benefit recipients are in the younger age groups, with 65% of recipients being under 45 years of age, of whom 47% are male and 18% female.

Disability Allowance

- 3.5.9** 60% of recipients of Disability Allowance are male, with 40% being female. This compares with an almost even male/female breakdown in the general population aged between 15 and 64 years; a 66:34 male/female ratio in this age group under the Census classification of being unable to work due to permanent sickness and disability²³; and a 53:47 male/female ratio in the 2002 QNHS classification of people reporting a longstanding health problem or disability. An age analysis shows that both male and female Disability Allowance recipients are fairly evenly distributed in the different age groups, with 45% of male recipients aged under 40 years, as compared with 46% of female recipients. Overall about 15% of DA recipients are aged under 25 years²⁴, while 25% are aged under 30 years.

Blind Person's Pension²⁵

- 3.5.10** The 50:50 gender breakdown of Blind Pensioners mirrors the breakdown in the general population aged 15 years and over. As compared with the gender breakdown of the category classified as being unable to work due to permanent sickness and disability in the Census of Population and in the age group of 15 and over, male Blind Pensioners are under-represented by 15 percentage points, with females being similarly over-represented. The incidence of claiming Blind Person's Pension increases with age, with 11% of Blind Pensioners aged under 30 years, 16% between 30 and 40 years, 17% between 40 and 50 years and 56% aged 50 and over. This relationship between the incidence of claiming Blind Person's Pension and age applies equally to male and female claimants, although there is a slightly higher incidence of females in the younger age groups.
- 3.5.11** In examining the age and gender analysis between the different illness and disability schemes, the Working Group was not able to fully explain a number of the trends which emerged, particularly the significant over-representation of female recipients of DB in particular age groups. *The Working Group therefore, considers that these trends would merit closer examination in the context of more detailed reviews of these schemes.*

²³ See Central Statistics Office, *Planning for the Ireland of Tomorrow: Census 1996*, Volume 5 Principal Economic Status and Industries (Dublin: The Stationery Office, 1998). 2002 Census figures for this category were unavailable at time of writing.

²⁴ Disability Allowance is paid from 16 years of age.

²⁵ Blind Person's Pension is paid from 18 years, with no upper age limit.

3.6 Conclusions

Despite the limitations in the data relating to the illness and disability payment schemes and in the number of people in the general population who are sick or disabled, the available information highlights that –

- Total expenditure on the illness/disability payments has almost quadrupled between 1982 and 2002, with expenditure having more than doubled since 1995. At 13% of total social welfare expenditure, spending on illness/disability payments represents the fourth largest social welfare expenditure programme;
- The composition of this expenditure has seen significant changes over the period examined, with the relationship between expenditure on short-term and long-term schemes having more or less reversed since 1982 to a 64:36 ratio in 2002 in favour of long-term payments and the proportion of illness/disability expenditure attributable to social insurance payments having fallen from 88% in 1982 to 67% in 2002;
- The total number of recipients on the illness/disability payment schemes has increased by 46% over the last 20 years, with numbers on DA having increased very significantly in recent years. At 20% of total social welfare numbers, both recipients and beneficiaries each represent the third largest category of social welfare recipients and beneficiaries, respectively;
- The composition of recipients has changed considerably over the period examined, with the breakdown between recipients of short-term and long-term schemes having more or less reversed since 1982 to a ratio of 68:32 in 2002 in favour of long-term recipients and the proportion of illness/disability recipients accounted for by those on social insurance payments having reduced from 77% in 1982 to 62% in 2002;
- The number of dependants (qualified adults and qualified children) has fallen by a little over 4% between 1982 and 2002, but this masks more significant trends during the period. For instance, the number of qualified adults has fallen by 34% between 1982 and 2002, while the number of qualified children has increased by 10% during the same period – although 70% of the increases for qualified children of recipients of illness/disability payments are now paid at $\frac{1}{2}$ rate;
- As a proportion of the total insured population, the number of recipients of DB and Invalidity Pension has fallen back in recent years from a peak of almost 11% in 1986 to 5.6% in 2002;
- An age analysis shows that total recipients of illness/disability payments are fairly evenly distributed between those under 50 years and those aged 50 and over. A gender analysis of total recipients of illness/disability payments shows that at 51:49, the male/female ratio compares with that among the general population and the population of working age. However, significant differences emerge in the male/female ratio between some of the individual payment schemes.

Part 2

Objectives and Their Continued Relevance

Chapter

4 SCHEME OBJECTIVES

4.1 Introduction

The Working Group's terms of reference require it to “*identify the objectives of each scheme*”. However, this did not prove to be a straightforward task. Unlike the more recently introduced social welfare schemes, whose objectives are set out in legislation, Dáil Debates, speeches etc., the objectives of the older schemes tend not to be set out in a formal way. The Working Group examined the background to each of the schemes and their evolution over the years and this is set out in detail in Appendix II. In this chapter we give a brief summary of the origins, and infer the objectives of each of the schemes from the background and more recent evolution.

4.2 Disability Benefit

Origins

- 4.2.1** The Disability Benefit scheme which is in operation today can trace its origins back to the Sickness Benefit scheme which operated under the National Health Insurance system and was first introduced in 1912. While there have been many changes in the DB scheme since its introduction in 1953, its basic structure has not changed substantially from that of Sickness Benefit.

Objectives

- 4.2.2** In identifying the specific objectives of the DB scheme, it is also necessary to examine the overall objectives of the social insurance system. The purpose of the social insurance system is to provide income support to cover insured workers for a variety of life contingencies, such as illness, unemployment, old age etc., for which they would otherwise find it difficult, if not impossible, to provide on an individual basis.²⁶ A further key objective of the social insurance system is to provide labour market supports which benefit employers as well as employees. Social insurance payments are an important factor within the overall competitiveness mix as they provide income support to workers who fall ill or encounter other contingencies, such as retirement or redundancy. Were it not for social insurance, employers would have to contribute to these costs through other mechanisms, such as enhanced in-house sick pay and occupational pension schemes.²⁷
- 4.2.3** It can be inferred that the objectives of the Disability Benefit scheme are *to provide insured workers and their dependants with security against the loss of personal income in the event of illness which renders the insured worker incapable of working, while at the same time reducing the burden on employers of having to provide for their sick employees*. (See also paragraph 4.5.3).

²⁶ Department of Social Welfare, *Social Insurance in Ireland* (Dublin: The Stationery Office, 1996), 21.

²⁷ *Ibid.*, 34.

4.3 Invalidity Pension

Origins

- 4.3.1** The Invalidity Pension scheme was introduced in 1970, as part of a widening of the social insurance system to encompass all of the internationally-recognised contingencies for social security purposes. The scheme and its conditions for eligibility etc. were closely linked to those for long-duration DB.²⁸ Indeed, it was considered at the time that the establishment of an Invalidity Pension scheme at the same rates as DB and the award of such pensions to long-duration recipients of DB would not involve any additional cost to the Social Insurance Fund. It would have the advantage of greater administrative convenience and would relieve recipients from the inconvenience of seeking and submitting medical evidence as to their conditions at regular intervals. In addition, instead of issuing payments by way of cheques in the post, the Invalidity Pension was paid on a more cost-effective basis, by way of weekly pension orders encashable at Post Offices.
- 4.3.2** Although originally based on DB, over time Invalidity Pension developed a number of differences (e.g. payment at a higher rate than DB, entitlement to the “Free” schemes etc). These developments do not appear to have been accompanied by any redefinition of the role or objectives of the scheme. In particular, no separate concept of “invalidity” has ever been defined, other than in terms of duration and/or likely future duration on DB.

Objectives

- 4.3.3** As highlighted in the case of Disability Benefit, it is not possible to look at the objectives of this scheme in isolation from the overall objectives of the social insurance system and the general objectives outlined in paragraph 4.2.2 above apply equally here. It can be inferred that the objectives of the Invalidity Pension scheme are *to provide insured workers and their dependants with security against the loss of personal income in the event of long-term illness or disability which renders the insured worker incapable of working, while at the same time reducing the burden on employers of having to provide pensions for their sick or disabled employees*. (See also paragraph 4.5.3).

4.4 Occupational Injury Benefits

Origins

- 4.4.1** The Occupational Injury Benefits scheme was introduced in May, 1967, following the commencement of the Social Welfare (Occupational Injuries) Act, 1966. The Occupational Injury Benefits scheme replaced the former Workmen’s Compensation scheme which, since 1897, had placed responsibility on employers for the insurance of their workers against the consequences of accidents at work.

²⁸ For the purposes of this Report, long-duration DB is taken to relate to those in receipt of payment for 1 year or more (see also Chapter 11)

Objectives

4.4.2 Again, as in the case of the DB and Invalidity Pension schemes, it is not possible to look at the objectives of the Occupational Injury Benefits scheme in isolation from the overall objectives of the social insurance system. With its many component elements, the objectives of the Occupational Injury Benefits scheme can be broadly summarised as *to provide that, as a consequence of an occupational accident or the contraction of an occupational disease and on a no fault basis –*

- *insured workers and their dependants are provided with security against loss of income in the event of injury which renders the insured worker incapable of working;*
- *insured workers are provided with compensation against loss of physical and mental faculty;*
- *income security is provided for surviving dependants in a fatal case; and*
- *in the case where a person sustains a condition which requires medical or hospital treatment, medical expenses are met to the extent that they are not already covered by existing medical care schemes.*

4.4.3 However, as this review is dealing only with income maintenance payments for people who are themselves sick or disabled, the last 3 elements of the objectives of the Occupational Injury Benefits scheme, as outlined above, are not relevant in the context of this review (see Chapter 2, paragraphs 2.1.4 to 2.1.7).

4.5 Disability Allowance

Origins

4.5.1 The Disability Allowance had its origins in the nineteenth century Poor Law system which included “outdoor relief” for invalids. Outdoor relief was replaced by Home Assistance in 1939. Subsequently, the 1953 Health Act provided for the introduction of the Disabled Person’s (Maintenance) Allowance scheme for people with disabilities over 16 years who were not maintained in institutions and were unable to provide for their own maintenance. Responsibility for this scheme was transferred to the Department of Social and Family Affairs in October 1996, when it was re-named Disability Allowance.

Objectives

4.5.2 The objective of the Disability Allowance scheme is *to ensure that people who, by reason of a specified disability, are substantially handicapped in undertaking suitable employment and whose means are insufficient to meet their needs are provided with assistance towards their own needs and those of their dependants.*²⁹

4.5.3 A further objective of the Disability Allowance scheme, which has become increasingly more important in recent years, is *to encourage and assist claimants to identify and take up available employment, training, educational and other self-development opportunities, where appropriate.* This has also become a key objective of the Invalidity Pension and Blind Person’s Pension schemes in recent years. While not relevant for many people on DB and Injury Benefit who are only sick from work for short spells, the employment and training objectives are nevertheless, taking on an increased significance in the DB scheme for those on long-duration DB and also those who are likely to drift from short-term to long-term illness.

²⁹ Section 191B of the Social Welfare (Consolidation) Act, 1993.

4.6 Blind Person's Pension

Origins

- 4.6.1** In the early 1900's, the social and economic condition of blind people was the cause of widespread dissatisfaction. The only statutory provision available at that time for blind people was the Poor Law. In 1920 a Blind Persons Act was introduced which imposed a duty on County and Borough Councils to provide for the welfare of blind persons in their area and a range of measures were adopted by the local authorities for this purpose. These measures included education, training, employment and cash assistance.³⁰ In addition, the 1920 Act also provided for an extension of the provisions of the existing means-tested Old Age Pension scheme to blind persons aged 50 and over who were so blind as to be unable to perform any work for which eyesight is essential. In introducing this legislation in the British House of Commons, the then Minister stated that this provision was intended to provide for that large section of blind persons who, in the main, were too old or too infirm to be trained. The age limit for Blind Person's Pension was reduced to 18 years in 1980.

Objectives

- 4.6.2** It can be inferred that the objective of the Blind Person's Pension scheme is *to ensure that people who are so blind that either they cannot perform any work for which eyesight is essential or that they cannot continue in their ordinary occupation and whose means are insufficient to meet their needs are provided with assistance towards their own needs and those of their dependants*. (See also paragraph 4.5.3).

4.7 Infectious Diseases (Maintenance) Allowance

Origins

- 4.7.1** Under the Infectious Diseases (Maintenance) Allowance Regulations, 1947, provision was made for the payment by local authorities of cash allowances to persons receiving treatment for infectious diseases. Responsibility for the administration of this scheme was taken over by the Health Boards in 1971. Primarily this scheme is applicable to those with tuberculosis, but it also covers those suffering from certain other infectious diseases. Allowances may also be paid to carriers of infectious diseases who, through taking precautions against the spread of infection, are rendered incapable of carrying out their ordinary occupation.

Objectives

- 4.7.2** The objective of the Infectious Diseases (Maintenance) Allowance scheme is *to provide an allowance to persons who are unable to make reasonable and proper provision for their own maintenance or the maintenance of their dependants because they are undergoing treatment for an infectious disease*.³¹

³⁰ See also section 12.7 in Chapter 12 in relation to the Blind Welfare Allowance.

³¹ National Health Board Review Group, *Report of the National Health Board Review Group on Department of Health and Children Disability Allowances and Grant Schemes* (Dublin: National Health Board Review Group, 2002), 6.

4.8 Supplementary Welfare Allowance

Origins

- 4.8.1** The Supplementary Welfare Allowance scheme, which was introduced in 1977, replaced the former Home Assistance scheme, which was provided for under the Public Assistance Act, 1939. Under this scheme, assistance is payable to persons whose means are insufficient to meet their needs and those of their dependants. It acts as a safety net to cater for those who are not specifically provided for under the existing range of social insurance and social assistance payments. While responsibility for the Supplementary Welfare Allowance scheme lies with the Department of Social and Family Affairs, it is administered by the Health Boards on behalf of the Department.
- 4.8.2** In the area of illness and disability, the Supplementary Welfare Allowance scheme acts as a means-tested equivalent to the Disability Benefit scheme where a person does not have sufficient PRSI contributions to qualify for that benefit. It is also available to applicants of the various illness and disability payment schemes, e.g. Disability Benefit, Disability Allowance, Occupational Injury Benefits etc. while they are awaiting a decision on their application for payment or on an appeal for disallowance.

Objectives

- 4.8.3** The objective of the Supplementary Welfare Allowance scheme is *to provide a minimum weekly payment to people whose income is insufficient to meet their basic needs or those of their dependants*.³²

³² Section 171 of the Social Welfare (Consolidation) Act, 1993.

Chapter

5 RELEVANCE OF SCHEME OBJECTIVES

5.1 Introduction

Chapter 4 identifies, as far as possible, the original and/or current objectives of each of the illness and disability payment schemes. The next task of the Working Group, in line with its Terms of Reference, is “*having regard to the Department’s mission and current strategy, considering the extent to which the objectives remain valid, for each scheme in its own right and also within the overall system of income support for people with illness and/or disabilities; in this regard distinguish between objectives related to income maintenance needs and those related to costs of disability.*” In considering the validity of the objectives of the illness and disability payment schemes, the Working Group first looked at the general objectives of these schemes to establish their continued relevance. The Department’s mission and strategy statement have then been examined to see if the general objectives need to be adjusted to take account of the evolving strategy. The Working Group has then gone on to look at how well these objectives are being met and, in the light of this examination, whether there is a need to redefine the general objectives or the objectives of the individual schemes.

5.2 General Objectives of Illness and Disability Payment Schemes

5.2.1 The objectives of each of the different illness and disability payment schemes, which are set out individually in Chapter 4, can be broadly summarised as follows–

- *To provide insured workers and their dependants with security against loss of personal income in the event of illness (both short-term and long-term), disability and occupational injuries, which renders the insured worker incapable of working,*
- *To provide assistance to -*
 - *people with disabilities whose employment capacity is substantially restricted by reason of their disability, and*
 - *other people who are ill, including people suffering from an infectious disease and undergoing treatment for that disease,**whose means are insufficient to meet their own needs and those of their dependants, and*
- *To encourage and assist people with disabilities and long-term illnesses to identify and take up available employment, training, educational and other self-development opportunities, where appropriate.*

5.2.2 As can be seen, there are some differences between the objectives of the social insurance and the social assistance payment schemes, reflecting the different qualifying conditions applying to the various schemes. Social insurance payments are contingent on incapacity for work, while the social assistance payments generally refer to the person’s employment capacity being substantially restricted by their disability. These differences also have implications in the area of supporting employment for this group. The social insurance payments are based on the notion that the claimant is either temporarily or permanently unable to work. The social assistance payments, on the other hand, reflect the fact that, while people can have a disability that may significantly restrict their capacity to work, they may nevertheless still have some employment potential. These issues are discussed in Chapter 8 below.

5.3 Are these General Objectives Still Relevant?

Department's Mission and High Level Goals

- 5.3.1** The Department of Social and Family Affairs' mission, as set out in its Strategy Statement for 2003 to 2005, is to *"promote a caring society through ensuring access to income support and related services, enabling active participation, promoting social inclusion and supporting families."*³³ In addition, the Strategy Statement sets out the Department's high level goals, as follows –

Income Support:

Promoting the development of adequate, secure and sustainable income support and related services and delivering appropriate services to the highest standards, in co-operation with other relevant agencies, and responsive to people's changing needs and entitlements, taking account of our responsibilities to contributors and tax-payers.

Support to Work:

Facilitating return to work or participation in training or further education by people in the active age groups dependent on State income supports, through a range of supportive measures, including referral to other agencies as necessary.

Families:

Supporting families in caring for children and other dependent family members, ensuring specific supports for disadvantaged families, families in conflict, one-parent families and families on low incomes and working with other agencies to identify and develop responses to key family issues.

Poverty and Social Exclusion:

Provide relevant and effective supports to those affected by poverty and social exclusion and co-ordinate the development and implementation of the Government's strategy in this area, in cooperation with other statutory and voluntary agencies.

e-Government Agenda:

Promoting the use and development of integrated services in line with the development of the e-Government agenda.

The Department and its Staff:

Developing an effective, adaptable and capable organisation and a culture of pride, innovation and performance with a high level of involvement and participation by people at all levels and a climate which fosters personal and career development.

³³ Department of Social and Family Affairs, *Promoting a Caring Society: Strategy Statement 2003-2005* (Dublin: Department of Social and Family Affairs, 2003), 3.

Relevance of Objectives to High Level Goals

5.3.2 While all of these high level goals are relevant in the provision of income support to people who are ill or disabled, the Working Group considers that 3 of them are of particular importance in the context of this review, i.e. –

- The provision of income support
- Combating poverty and promoting social inclusion
- The provision of supports to work.

5.3.3 In this regard, it is considered that the income support goals remain highly relevant in the case of the illness and disability payment schemes. The support to work goals have, in recent years, become and continue to be more relevant in the case of the illness and disability schemes. Apart from issues relating to income adequacy and measures to make the schemes more employment friendly, the wider social inclusion/exclusion agenda has not, to date, been particularly relevant in the development of these schemes, reflecting the relatively recent addition of these concepts to the Department's strategy.

5.3.4 However, it is recognised that there are many other aspects to the social inclusion of those in receipt of illness and disability payments. Some of these may be within the Department's direct span of control, such as the adequacy of the rates of payment and the delivery of income support services to those with disabilities. In addition, in light of its remit in relation to social inclusion, the Department has a role in supporting measures to address the "digital divide". Other aspects, though not directly within the Department's remit, are nevertheless subject to influence through the Department's stewardship of the Office for Social Inclusion, including, for example, the setting of specific NAPS targets for people with disabilities. A number of other cross Departmental issues also have relevance to the wider social inclusion agenda, including the outcome of the PPF Working Group on the Feasibility of a Cost of Disability Payment. In addition, the issue of social rights is likely to become increasingly significant in the development of social protection systems in the future, and particularly in relation to the social protection of people with disabilities.

5.3.5 It is considered that the general objectives of the illness and disability payment schemes, as set out in paragraph 5.2.1 above, are broadly compatible with the income support and support to work goals contained in the Department's Strategy Statement. The various illness and disability payments provide income support for people, and their dependants, who cannot earn a living because of sickness and/or disability. These schemes also provide a range of supports to encourage and assist people on long-term illness and disability payments to identify and take up available employment, training, educational and other self-development opportunities, where appropriate. The objectives also make a significant contribution to the broader social inclusion goal through the provision of income support and support to work. But given the multi-dimensional nature of social inclusion, the contribution of these schemes in this area may necessarily be limited. The implications of the wider social inclusion agenda are considered further in Chapter 7.

5.4 Issues to be Considered in Examining Whether Objectives are being Met

5.4.1 While the Working Group considers that the broad objectives of the illness and disability payment schemes, as set out in paragraph 5.2.1 above, remain relevant, Part 3 of this Report examines whether these objectives are being met by their current operation, with a particular focus on the 3 high level goals of the provision of income support, combating poverty and promoting social inclusion and the provision of supports to work.

Provision of Income Support

5.4.2 In determining whether the income support objectives of the illness and disability payments are being met, the following key issues are examined –

- Is coverage of this contingency comprehensive and consistent?
- Are payment levels adequate?
- Are payments well targeted?

The Working Group also examined the overall effectiveness and efficiency of these payments (see paragraph 5.4.5 below).

Combating Poverty and Promoting Social Inclusion

5.4.3 The main issues considered by the Working Group under this heading include –

- What is the level of poverty among this group and how does it compare with the population generally and with other social welfare groups?
- Are the differences a result of changes in relative income levels and/or deprivation indicators?
- Do the illness/disability schemes facilitate earnings from employment in the way that other social welfare payments do?
- Are there reasons to question whether or not the common approach to the adequacy of payments is wholly appropriate for illness/disability payments?

Provision of Supports to Work

5.4.4 The main issues considered by the Working Group in this area include –

- Difficulties involved in reconciling the underlying qualifying criteria, which require claimants to be incapable of work, with the fact that they may have some employment potential;
- The lack of any structure for identification of clients who would benefit from employment or training supports, and their referral to suitable options;
- The appropriateness and effectiveness of the current range of employment supports;
- Disincentives within the social welfare system for some people in maximising their employment and earnings potential;
- Lack of early intervention measures.

Improving Effectiveness and Efficiency

5.4.5 In addition to examining the broad objectives of the illness and disability payment schemes in relation to the 3 high level goals outlined in paragraph 5.3.2 above, the Working Group also considers how the income support objectives might be better achieved through –

- ***Simplification of Systems:*** examining the need for the current range of payments for people who are ill and people with disabilities with a view to eliminating unnecessary duplication, which can add to administrative costs, increase the likelihood of delays and errors, deter take-up because of difficulties in understanding the system and increase the scope for abuse.
- ***Improving Comprehensiveness and Consistency:*** ensuring that there are no significant claimant categories or categories of need left outside the main structure of payments and that similar needs and circumstances are treated equally.
- ***Alternative Approaches:*** examining the scope for alternative approaches to the design and delivery of social protection for people who are ill and people with disabilities.

The Group also considers how the support to work objectives might be better achieved through –

- ***Strengthening Employment Support Activities:*** examining the current range of social welfare employment supports with a view to eliminating potential disincentives to employment/training, while at the same time recognising that different groups of people with illnesses and disabilities can have widely differing needs.

5.4.6 Most of these issues have also been highlighted as areas requiring further examination in the Department's Social Inclusion Strategy, which was published as part of the National Anti-Poverty Strategy³⁴ and also tie in with the set of general principles for the reform of the operation of the social welfare system which the Commission on Social Welfare enunciated in its 1986 Report.³⁵ These issues are examined in Part 4.

5.5 Need to Redefine Objectives of Schemes

It is noted in paragraph 5.3.5 above that the general objectives of the illness and disability payment schemes are considered to be compatible with the 3 high level goals contained in the Department's Strategy Statement which have been identified as being most relevant to this review, i.e. provision of income support, combating poverty and promoting social inclusion and provision of support to work. However, in order to be consistent with the Department's overall strategy the Working Group would propose the following amendments to the general objectives of the illness and disability payment schemes –

- *To meet the income maintenance needs of people who are ill and people with disabilities and their dependants in ways that recognise their diverse needs, in particular in relation to improving their access to suitable labour market interventions by -*
 - *providing insured workers and their dependants with security against loss of personal income in the event of illness (both short-term and long-term), disability and occupational injuries which renders the insured worker incapable of working;*
 - *providing assistance to people with disabilities whose employment capacity is substantially restricted by reason of their disability, and to other people who are ill, including people suffering from an infectious disease and undergoing treatment for that disease, whose means are insufficient to meet their own needs and those of their dependants;*
 - *encouraging and assisting people with disabilities and long-term illnesses to identify and take up available employment, training, educational and other self-development opportunities, where appropriate.*

³⁴ Department of Social, Community and Family Affairs, *Social Inclusion Strategy of the Department of Social, Community and Family Affairs* (Dublin: The Stationery Office, 1998), 68-75.

³⁵ Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986), 123-126.

Part 3

How Well Are These Objectives Being Met?

Chapter

6 ARE INCOME SUPPORT OBJECTIVES BEING MET?

6.1 Introduction

6.1.1 In this Part (Chapters 6 to 8) we examine whether the broad objectives of the illness and disability payment schemes are being met, having regard to the high level goals in the Department's Strategy Statement which have been identified as being of particular relevance to this review, i.e. the provision of income support; combating poverty and promoting social inclusion; and the provision of supports to work.

6.1.2 This Chapter focuses on the provision of income support for people who are ill and people with disabilities. The Working Group noted that income support for people in these categories can be provided in a number of ways, through for example –

- the various State income maintenance schemes;
- occupational sick pay and pension schemes provided by employers;
- permanent health insurance schemes;
- benefits, such as the "Free Schemes", fuel allowance etc., which are payable in addition to certain income maintenance payments;
- benefits, such as the Mobility Allowance, Blind Welfare Allowance, Disabled Drivers and Passengers Tax Concessions scheme, which are paid to particular groups of people with disabilities in recognition of certain additional costs associated with disability; and
- compensation through the legal system.

However, it is recognised that the main form of income support for this group is provided through the State income maintenance schemes.

6.1.3 The income maintenance payments for people who are ill and people with disabilities cover a diverse customer group who have widely different needs. For instance, at one end of the range they cover those with short-term illness, who may need nothing more than prompt payment of the relevant income support for a couple of weeks until they return to work. At the opposite end they cover people with profound disabilities who have considerable extra requirements. The need for the system of income support payments to cater for diverse customer groups, such as those who are ill and disabled, is reflected in one of DSFA's specific income support objectives which is to *"ensure our income support programmes and associated supports are relevant, adequate, efficient, effective, recognising the needs of diverse customer groups and effectively address poverty and social inclusion."*³⁶

³⁶ Department of Social and Family Affairs, *Promoting a Caring Society: Strategy Statement 2003-2005* (Dublin: Department of Social and Family Affairs, 2003), 25.

6.2 Are Income Support Objectives Being Met?

6.2.1 The Working Group considers that *the broad income support objectives of the illness and disability payment schemes are being met by their current operation, in terms of providing income maintenance for this group*. For instance, the range of current payments caters for the widely different needs of people who are ill or disabled. They cater for people who have a short-term illness and disability, people whose illness and disability is likely to persist in the medium to long-term, people who are disabled from birth or an early age and those who contract infectious or occupational diseases etc. In addition, the various payments cater for people whose earnings from employment have been interrupted due to illness or disability, as well as to those who have not been able to access work, e.g. due to their illness or disability.

6.2.2 The majority of people on illness and disability income supports are receiving non-means tested payments (62%). In addition, the take-up of the main social assistance payment – Disability Allowance, has increased significantly in recent years (up by over 80% between 1996 and 2002). This would appear to indicate that the problems of access and take-up of these payments, which were highlighted by the Commission on the Status of People with Disabilities, have now been largely resolved.³⁷

6.2.3 In determining whether the income support objectives of the illness and disability payments are being met, the Working Group also examined the effectiveness and efficiency of these payments. The following key issues are examined –

- Is coverage of this contingency comprehensive and consistent?
- Are payment levels adequate?
- Are payments well targeted?

6.2.4 Without taking away from the broad conclusion outlined in paragraph 6.2.1 above, the Working Group also considered that some improvements could be made in the overall comprehensiveness and consistency of the illness and disability payments system. The issues of comprehensiveness and consistency of coverage are dealt with in Part 4 of this Report, which deals with a range of issues for improving the overall effectiveness of the system. This Chapter concentrates therefore, on issues related to adequacy of the illness/disability payments and whether these payments are well targeted. While the substantive issue of the adequacy of these payments is addressed in section 6.3, a number of other issues related to adequacy are addressed in this Chapter, as follows –

- Rates of illness/disability payments relative to other social welfare payment rates;
- The continued need for the concurrent payment of illness/disability payments with other social welfare payments; and
- Meeting the additional costs of disability.

³⁷ Commission on the Status of People with Disabilities, *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities* (Dublin: The Stationery Office, 1996), 126.

6.3 Adequacy of Illness/Disability Payments

6.3.1 There is no scientific way of calculating an adequate rate of social welfare payment. For example, as outlined in paragraph 6.3.6 below, the PPF Group on Social Welfare Benchmarking and Indexation found that it is not possible to derive an adequacy rate for social welfare payments which is indisputable and universally accepted.³⁸ Nevertheless, many of the organisations that were consulted as part of this review considered that the current rates of disability payments, particularly Disability Allowance, are inadequate. Some organisations highlighted the fact that the higher risk of poverty faced by people with disabilities supports this view. Other groups considered that the rates of payment were not adequate to meet the additional costs of disability.

Adequacy of Payments in Combating Poverty

6.3.2 This Chapter examines the question of the adequacy of the illness and disability payments within the broad context of the adequacy of social welfare rates generally. However, in the context of determining whether the poverty and social inclusion objectives are being met, the Working Group also examines if there are reasons to question whether or not the common approach to the adequacy of payments is wholly appropriate for illness/disability payments (see Chapter 7, section 7.6).

Increasing Illness/Disability Payments to meet the Additional Costs of Disability

6.3.3 As highlighted in paragraph 6.1.3, people on illness and disability payments represent a diverse customer group. As a consequence of this diversity, any proposal to increase the level of illness and disability payments to address the additional costs of disability could result in different outcomes for different people. For instance, for people with disabilities who have little or no employment potential, the payment of higher rates of disability payments could go some way towards meeting their additional needs. However, such an increase in payments could also act as a disincentive for others who may have an employment potential. This would arise because the illness and disability payments, including the element going towards meeting the additional costs of disability, would be withdrawn when a person takes up employment. For these reasons *the Working Group considers that the additional costs of disability should be addressed separately rather than through higher basic payments* (see also paragraphs 6.6.8 to 6.6.10 below).

Adequacy of Social Welfare Payments Generally

6.3.4 The Irish social welfare system is primarily a contingency-based system. In order to qualify for payment, a person must experience one of a range of defined contingencies, such as sickness, unemployment, old age, widowhood etc. As a general principle, where a person experiences more than one contingency at the same time, only one social welfare payment is paid (but see section 6.5 below). Therefore, depending on the circumstances, a person may move from one type of social welfare payment to another. For instance, an unemployed person can transfer from an unemployment payment to an illness or disability payment, if they become sick or disabled. On reaching 66 years, they can transfer to the old age pension. Accordingly, the social welfare payments system is an integrated one, with inter-linkages between various payments in recognition of the fact that people can move from one payment to another as different contingencies arise during the course of their lives. The question of a broadly adequate level of

³⁸ Social Welfare Benchmarking and Indexation Group established under the Programme for Prosperity and Fairness, *Final Report of the Social Welfare Benchmarking and Indexation Group* (Dublin: Social Welfare Benchmarking and Indexation Group, 2001), 60.

payment for those on illness and disability schemes cannot therefore, be considered in isolation from rates of payment for other social welfare schemes. Furthermore, the Working Group considers that equity and simplicity are strong arguments favouring a consistent approach to adequacy across the different contingencies.

6.3.5 On the wider question of the adequacy of social welfare payment rates generally, the Working Group noted that a group under the Programme for Prosperity and Fairness had examined the issues of developing a benchmark for adequacy of adult and child social welfare payments, including the implications of adopting a specific approach to the ongoing up-rating or indexation of payments. The issues covered by this PPF Group included relative income poverty, as well as the long-term economic, budgetary, PRSI, distributive and incentive issues. These are highly complex issues and the Working Group did not therefore, undertake any separate analysis of the overall adequacy of rates of the illness and disability payments.

Findings of the PPF Group on Social Welfare Benchmarking and Indexation

6.3.6 The PPF Group on Social Welfare Benchmarking and Indexation found that due to the wide variety of perspectives which can be brought to bear on the question of adequacy, it was not possible to derive an adequacy rate for social welfare payments which is indisputable and universally accepted. Underlining the difficulties involved, it was noted that some of the previous approaches to deriving an adequate income level have produced a range of levels rather than one single figure.³⁹

6.3.7 In dealing with the issue of adequacy, the Benchmarking Group sought to reconcile the objective of providing every person with sufficient income to live life with dignity with the various criteria set out in its own terms of reference (i.e. economic, budgetary, PRSI contribution, distributive and incentive implications, and trends in economic, demographic and labour market patterns), with a particular focus on the lowest welfare rates payable. Set against that background of conflicting views on the nature of adequacy, the Benchmarking Group noted that the definition of an adequacy standard is as much a reflection of political and economic judgement as it is the outcome of efforts to arrive at an objective view of “how much is enough”.

6.3.8 While the Benchmarking Group was not obliged to make a recommendation on the issue of what particular benchmark, if any, might be adopted by Government, nonetheless, it sought to explore the potential for achieving consensus on this difficult issue. In the event, given the very diverse range of views held by its members, it was not possible to achieve such a consensus. Rather, two contrasting positions emerged -

- (a) A view that it was inappropriate to establish a formal benchmark and that the existing arrangements, which have seen real increases (i.e. in excess of inflation) in welfare rates should continue to apply. Essentially, it would be left to the discretion of the Government to determine the level of welfare increases from year to year, having regard to the range of high priority demands on the Exchequer and to issues of affordability, sustainability and compatibility with the social, economic and employment needs of the economy on a continuing basis;
- (b) A view that it was fundamentally necessary, as of right, to establish a formal linkage between welfare rates and average earnings in order to ensure that the income of welfare recipients keep pace with those of the wider population. The preferred position of those

³⁹ See Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986), 128-171 and Callan, T., Nolan, B. and Whelan, C.T., *A Review of the Commission on Social Welfare's Minimum Adequate Income*, ESRI Research Paper No. 29 (Dublin: Economic and Social Research Institute, 1996).

advocating this approach was that the lowest welfare rates should be increased to reach 27% of gross average industrial earnings (GAIE) in the short-term (i.e. by 2003) and to 30% of GAIE in the medium term.

- 6.3.9** While these contrasting positions could not be reconciled, a majority of the Benchmarking Group considered that a target of 27% of GAIE (on a current-year basis) for the lowest personal rates of social welfare payments was not an unreasonable policy objective, with a target date for the achievement of this benchmark of 2007. Qualified Adult Allowance rates would be set at 70% of the relevant personal rate, in line with the pre-existing commitment given in Budget 2000.
- 6.3.10** On the question of a benchmark for child payments, the Benchmarking Group noted that such research as is available in an Irish context suggests that social welfare dependent households with children require an income per child of some one-third of the single adult rate to maintain the same standard of living. Accordingly, it was the view of the Benchmarking Group that the appropriate equivalence level of basic child income support (i.e. Child Benefit and Child Dependant Allowances combined) should be set at 33% - 35% of the minimum adult social welfare payment rate.
- 6.3.11** The Working Group on the Illness and Disability Payments noted that since the PPF Benchmarking Group had reported, the Review of the National Anti Poverty Strategy under the Programme for Prosperity and Fairness was published with a key target to achieve a rate of €150 per week in 2002 terms for the lowest rates of social welfare, to be met by 2007 and the appropriate equivalence level of basic child income support to be set at 33% to 35% of the minimum adult social welfare payment rate.⁴⁰ Further underpinning this target, the Agreed Programme for Government commits to working “to generate the resources to achieve our new benchmark level of €150 a week for social welfare payments”⁴¹, while Sustaining Progress: Social Partnership Agreement 2003-2005 states that “it remains Government policy to meet the target for the lowest social welfare rates and appropriate child equivalence levels as set out in the revised NAPS by 2007, on the basis set out in the Strategy. During the period of the Agreement, increases in the rates will be made in order to achieve this target”.⁴²
- 6.3.12** *The Working Group welcomes these Government commitments as a measurable target for adequacy of the illness and disability payments.*

⁴⁰ Department of Social, Community and Family Affairs, *Building an Inclusive Society: Review of the National Anti-Poverty Strategy under the Programme for Prosperity and Fairness* (Dublin: The Stationery Office, 2002), 10.

⁴¹ *An Agreed Programme for Government between Fianna Fáil and the Progressive Democrats* (Dublin, 2002), 21.

⁴² Department of the Taoiseach, *Sustaining Progress: Social Partnership Agreement 2003-2005* (Dublin: The Stationery Office, 2003), 57.

6.4 Rates of Illness/Disability Payments Relative to Other Social Welfare Payments

6.4.1 The rates of weekly social welfare payments for people on illness and disability payments are broadly similar to those covering a number of other contingencies, as illustrated in the following table –

Table 6.1: Rates of Illness/Disability Payments Relative to Other Social Welfare Payments

Illness/Disability Scheme	Rate of Payment	Relationship with Other Social Welfare Payments
Disability Benefit, Injury Benefit and Unemployability Supplement	€124.80	<ul style="list-style-type: none"> • Same rate as Unemployment Benefit (the main other short-term social insurance payment)
Invalidity Pension		
<ul style="list-style-type: none"> • For people under 65: 	€130.30	<ul style="list-style-type: none"> • Same rate as other long-term social insurance payments for people under 66, e.g. Widow/er's Pensions
<ul style="list-style-type: none"> • For people 65 and over: 	€157.30	<ul style="list-style-type: none"> • Same rate as Old Age Contributory and Retirement Pension
Disability Allowance, Supplementary Welfare Allowance and Blind Person's Pension		
<ul style="list-style-type: none"> • For people under 66: 	€124.80	<ul style="list-style-type: none"> • Same rate as other short and long-term means-tested payments for people under 66, e.g. Unemployment Assistance, Pre-Retirement Allowance and One Parent Family Payment and Widow/er's Pensions for those under 66
Blind Person's Pension		
<ul style="list-style-type: none"> • For people 66 and over: 	€144.00	<ul style="list-style-type: none"> • Same rate as other means-tested pensions for those aged 66 and over, e.g. Old Age Non-Contributory Pension and OFP and Widow/er's Pensions for those 66 and over

General Principles Underlying the Different Social Welfare Rates of Payment

6.4.2 The Working Group noted that, while social welfare rates can vary from one scheme to another, a number of general principles underlie the different rates –

- People on insurance (PRSI) payments generally receive a higher rate of payment than people on assistance payments in broadly similar circumstances. This reflects the view articulated by the Commission on Social Welfare that “in order to preserve the acceptability of the social insurance concept, particularly from the viewpoint of contributors, a differential between insurance and assistance payments should be retained.”⁴³ The National Pensions Policy Initiative (NPPI) concurred with this view insofar as pensions were concerned.⁴⁴

⁴³ Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986), 194.

⁴⁴ Pensions Board, *Securing Retirement Income: National Pensions Policy Initiative* (Dublin: The Pensions Board, 1998), 115.

- People on long-term payments generally receive a higher rate of payment than people on short-term payments, reflecting the fact that people who are short-term dependent on social welfare are more likely to have other resources to fall back on (savings etc.), whereas those on longer-term payments may have depleted savings and have a greater need to replace goods (clothing, household durables etc.).⁴⁵
- In line with the Government's commitment to increase pension rates, payment levels for people of pension age (66 years) are higher than for younger recipients.⁴⁶

6.4.3 While the different illness and disability payment schemes broadly match the principles set out above, there are some exceptions. For example –

- (a) People can be on Disability Benefit for many years, but still continue to receive a short-term rate of payment;
- (b) Similarly, people can be on Supplementary Welfare Allowance for indefinite duration without moving to a long-term rate.

These two issues are dealt with in more detail in Chapters 11 and 13, respectively.

Level of Disability Payments Relative to Carers Payments

6.4.4 The Working Group also examined the relationship between the levels of payment for people with disabilities and people with long-term illness as compared to the levels of payment for those caring for them. Table 6.2 below compares the rates of payment for people with disabilities with the payments for their carers, where appropriate. As will be seen, for people with disabilities under pension age the rates of payment for those caring for them (whether it is Carer's Benefit or Carer's Allowance) are generally higher, by between €4.80 and €14.90 a week. For people with disabilities over pension age and on contributory payments, the rates of payment for those caring for them are lower, by between €9.50 and €17.60 a week, while for people with disabilities over pension age and on means-tested payments, the rates of payment for those caring for them are generally higher, by €3.80 a week.⁴⁷

6.4.5 The Working Group noted that the reason generally given for the higher rates of social welfare payments for carers is to recognise the value of the caring ethos in this country.⁴⁸ However, in adopting such an approach, it must be recognised that those being cared for (e.g. people with disabilities) are generally being treated less favourably in terms of their income maintenance needs than those providing care. Chapter 7 highlights the higher poverty rates among people with disabilities and illnesses. This in turn raises the issue of equity of treatment as between those being cared for and those providing the care.

⁴⁵ While this principle still holds in the case of social insurance payments, the short-term and long-term social assistance payments are now generally payable at the same rate (€124.80 a week).

⁴⁶ *An Agreed Programme for Government Between Fianna Fáil and the Progressive Democrats* (Dublin, 2002), 26.

⁴⁷ Recipients of carers payments are also entitled to an annual grant amounting to €735 as a contribution towards respite care.

⁴⁸ *Dáil Éireann, Parliamentary Debates*, Volume 546, 6 December 2001 to 14 December 2001 (Dublin: The Stationery Office, 2001), column 173.

Table 6.2: Comparison between Rates of Illness/Disability Payments and Carers Payments

Illness/Disability Payment	Weekly Rate	Payment Level Relative to Carer's Benefit	Payment Level Relative to Carer's Allowance ⁴⁹
Disability Benefit, Unemployability Supplement	€124.80	-€14.90	- €4.80
Invalidity Pension			
• Under 65	€130.30	- €9.40	+ €0.70
• 65 and over	€157.30	+€17.60	+€9.50
Disability Allowance, Blind Person's Pension aged under 66	€124.80	- €14.90	- €4.80
Blind Person's Pension aged 66 and over	€144.00	+ €4.30	- €3.80
Carer's Benefit	€139.70	-	-
Carer's Allowance			
• Under 66	€129.60	-	-
• 66 and over	€147.80	-	-

6.4.6 Long-term care is generally required by those with long-term disability. Such disability is more prevalent among older people, as their health, and consequently their ability to care for themselves, deteriorates with age. Accordingly, the long-term care needs of older people tend to dominate total care needs. However, while there is a lower prevalence of disability among younger ages, the numbers aged under 65 years who need long-term care is not insignificant. For instance, around 40% of people with significant long-term care needs are aged under 65. While there are many similarities in the long-term care needs of frail elderly people and of younger people with disabilities, there are also distinctly different issues to be addressed for the two groups and the nature of care that they may require may be very different.⁵⁰

6.4.7 For these reasons many countries organise the provision of services and benefits separately for these two groups. This is also generally the case in this country, where, for instance, there are different types of residential care facilities and such care is financed under separate programmes for older people and for younger people with physical and intellectual disabilities. However, there are some exceptions to this, including the current operation of the Carer's Allowance scheme, which provides income support on the same basis to the carers of both older people and younger people with disabilities.

6.4.8 In many cases the current approach does not cause difficulties as the carer may, in fact, be the person who is effectively managing the overall household finances. Nevertheless, such an approach can present difficulties for certain groups, e.g. younger people with disabilities. For instance, the Carer's Allowance can be paid to the carer of a person who has a significant disability from birth or from an early age.

However, on completion of their formal education/training, the person with the disability can risk having the overall household income reduced if they try to live more independently. This can happen if they wish to move out of the family home into an assisted living facility or if they wish to have more control over the choice of care options available to them. For example, they

⁴⁹ Where the disability payment relates to a person over pension age, the comparison is with the rate of Carer's Allowance for those aged 66 and over, although it is recognised that there is not necessarily a relationship between the age of the person with a disability and the person caring for them. Carer's Benefit is only paid up to 65 years.

⁵⁰ Department of Social and Family Affairs, *Study to Examine the Future Financing of Long-Term Care in Ireland* (Dublin: The Stationary Office, 2002), 33.

may wish to engage a personal assistant rather than having someone caring for them. The potential loss of the higher level of payment which is paid to carers, together with the more advantageous qualifying conditions applying under the Carer's Allowance scheme, could therefore, result in increased dependency among people with disabilities in certain instances.

6.4.9 The current approach would appear therefore, to be at variance with Government policy in this area in a number of respects. For instance, the Report of the Review Group on Health and Personal Social Services for People with Physical and Sensory Disabilities considered that the objectives of health and personal social services for people with disabilities should, inter alia, be to enhance their health and quality of life by enabling them to live as independently as possible in the community and providing services in a manner that respects the rights of service users to have a say in the services they receive.⁵¹

6.4.10 In addition, a number of representative groups have highlighted the fact that the potential loss of the carers payment, where the person being cared for takes up employment or avails of the various employment/training support measures, can act as a barrier to employment. With the increased focus on progressing people with disabilities into the open labour market, this is an issue that will become increasingly more significant in the future.⁵²

6.4.11 In the circumstances therefore, *the Working Group is of the view that, in considering any future improvements in the payment schemes for carers, care should be taken to ensure that these payments do not become significant barriers for people with disabilities who wish to achieve more independent living or to take up available employment and training opportunities.*

6.5 Concurrent Payment of Illness/Disability Payments with Other Social Welfare Payments

Background

6.5.1 As indicated in paragraph 6.3.4, the social welfare income maintenance system is primarily a contingency-based system, with qualification dependent on the claimant experiencing one of a range of defined contingencies, such as sickness, unemployment, old age, widowhood etc. However, it can happen that a person may experience more than one contingency at the same time. For instance, an unemployed person may also be sick. Accordingly, there is a general principle whereby a person who is entitled to more than one income maintenance payment at any one time, can only receive one of those payments. This principle is common to social security systems across the world.

6.5.2 Under the Irish social welfare system, there are a number of exceptions to this general principle –

- **Disablement Benefit**, payable under the Occupational Injury Benefits scheme, can be paid in full together with any other social welfare payment;
- **Blind Pensioners** can receive a number of other social welfare payments in full, including DB, Injury Benefit and Unemployability Supplement in addition to their pensions;
- **Orphans Pensioners** can receive a number of other social welfare payments in full, including DB, Injury Benefit and Unemployability Supplement in addition to their pensions;

⁵¹ Department of Health, *Towards an Independent Future: Report of the Review Group on Health and Personal Social Services for People with Physical and Sensory Disabilities* (Dublin: The Stationary Office, 1996), 27.

⁵² A number of improvements have been introduced in the operation of the carers payments in this area in recent years.

- *Widow/ers Pensioners and recipients of analogous payments*⁵³ can receive short-term benefits such as Disability, Injury, Unemployment and Maternity Benefit and Unemployability Supplement in addition to their pensions. In such cases the DB etc. is payable at half-rate.

6.5.3 As will be seen, the situations in which concurrent payment can occur are not confined solely to the payment of illness and disability payments in addition to other social welfare payments. Nevertheless, the Working Group considered that, as illness and disability payments form one of the key areas in which overlaps are allowed, this is an issue that should be addressed as part of this review.

Payment of Disablement Benefit Concurrently with Other Social Welfare Payments

6.5.4 Disablement Benefit differs from other weekly social welfare payments as it is a compensatory payment in respect of loss of faculty resulting from an accident at work, rather than an income maintenance payment. As loss of faculty can arise regardless of the person's labour force status, Disablement Benefit is payable irrespective of whether the person is working or in receipt of a social welfare payment. This is also the position in other social security systems which have similar compensatory payments to the Disablement Benefit. *The Working Group agrees that, because of the nature of the Disablement Benefit, this position should continue.*

Payment of DB etc. Concurrently with Blind Person's Pension

6.5.5 The issues involved in the concurrent payment of other social welfare payments with Blind Person's Pension are examined in Chapter 12. *The Working Group could find no convincing reasons for such concurrent payments and, in the context of merging the DA and Blind Person's Pension schemes, it is recommending that such overlaps be discontinued for new cases.*

Payment of DB etc. Concurrently with Orphans Pensions

6.5.6 Recipients of Orphans Pensions are entitled to concurrently receive a number of other social welfare payments in full, including DB, Injury Benefit and Unemployability Supplement. The issues involved in the concurrent payment of other social welfare payments with Orphans Pensions have been examined separately by the Expenditure Review Group on Social Welfare Payments to Orphans. That Group concluded that, in view of the income support function of Orphan's Pension payments, and in the interests of applying entitlement equitably, the practice of making two payments simultaneously should cease, and the general principles relating to overlapping benefits should apply, i.e. only one payment should be made.⁵⁴ *The Working Group examining the Illness and Disability Payment schemes agrees with this conclusion.*

Payment of DB etc. Concurrently with Widow/ers Pensions

6.5.7 Under the Irish social welfare system recipients of Widow/ers Pensions, One Parent Family Payment and analogous payments can concurrently receive Disability Benefit, Injury Benefit and Unemployability Supplement etc. at half-rate. In addition, where the Widow/ers Pension etc. is payable at a reduced rate because of insufficient PRSI contributions or means, the rate of DB etc.

⁵³ One-Parent Family Payment, Deserted Wife's Benefit, Deserted Wife's Allowance, Prisoners Wife's Allowance and Death Benefit Pensions under the Occupational Injury Benefits scheme.

⁵⁴ Department of Social and Family Affairs, *Review of Social Welfare Payments to Orphans* (Dublin: Department of Social and Family Affairs, 2003), 48.

payable is increased so that the combined payments are equal to the full rate of Widow/ers Pension plus $\frac{1}{2}$ rate DB. This situation appears to be unique from an international perspective.

- 6.5.8** It is estimated that there are in the region of 2,200 people who are concurrently receiving $\frac{1}{2}$ rate DB and Widow/ers Pensions and analogous payments. This figure represents 4.3% of DB recipients or 1.8% of Widow/ers Pensioners and recipients of analogous payments.⁵⁵
- 6.5.9** It has sometimes been suggested that one justification for such an overlap in payments arises from the fact that working widow/ers sustain a reduction in their overall income if they become sick, unemployed etc. However, this argument would have more merit if this principle were applied in the case of other pensioners and long-term recipients who experienced a similar reduction in their incomes because of sickness and unemployment. For instance, recipients of DA and Invalidity Pension can be in employment in certain cases.⁵⁶ If they lose their job or fall ill they would sustain a reduction in their overall income similar to that outlined above in the case of widow/ers. Unlike in the case of Widow/ers Pensioners, neither DB nor Unemployment Benefit can be paid concurrently with either DA or Invalidity Pension.
- 6.5.10** In addition, as argued by the Working Group in Chapter 12 in connection with the Blind Person's Pension scheme, from an income support perspective, social welfare rates which provide an adequate standard of living would obviate any justification for the continuation of concurrent entitlements.
- 6.5.11** The Working Group noted that, in the context of introducing a range of measures to control the level of social welfare expenditure, the concurrent payment of $\frac{1}{2}$ rate DB with Widow/ers Pensions was abolished for new cases from January, 1988. However, following representations from interest groups, payment of $\frac{1}{2}$ rate DB was re-instated for Widow/ers Pensioners from April, 1990, but limited to 15 months duration. At the same time the concession whereby widows were exempt from liability for PRSI was phased out over a 3-year period.⁵⁷
- 6.5.12** In all of the circumstances therefore, the Working Group could not find any convincing policy reasons for the continuation of the concurrent payment of DB etc. with Widow/ers Pensions. *Accordingly, for the same reasons as it is recommending the discontinuance of overlaps between DB etc. and Blind Person's Pension and Orphan's Pension, the Working Group is recommending the discontinuance of overlaps between DB etc. and Widow/ers Pensions and other analogous payments, for new cases.*
- 6.5.13** Ultimately the Working Group considered that many of the issues involved in the consideration of the continuation of the concurrent payment of half rate DB etc. with Widow/ers Pensions would seem to centre on the nature of the Widow/ers Pension schemes and, in particular, on the fact that such pensions can be paid regardless of the claimant's labour force or income status. The Working Group was not in a position to establish the precise objectives of the Widow/ers Pension schemes. While these issues are outside of its remit, the Working Group nevertheless noted that some of the considerations involved had previously been examined by the National Pensions Board.⁵⁸

⁵⁵ Based on the numbers of Widow/ers Pensioners etc. aged under 66 years.

⁵⁶ Generally this employment would be regarded as being rehabilitative or therapeutic in nature, but in the case of the Back to Work scheme, a person can be in ordinary employment.

⁵⁷ While recipients of Widow/ers Pensions etc. are now liable for the social insurance element of the relevant PRSI contribution, they are still exempt from liability for the health levy (2%).

⁵⁸ See, for example, National Pensions Board, *Developing the National Pension System: Final Report of the National Pensions Board* (Dublin: The Stationery Office, 1993), 137-143.

Payment of Qualified Adult and Child Increases Concurrently in respect of Recipients of Illness and Disability Payments

- 6.5.14** In addition to the situations outlined above, where a person can be entitled to more than one social welfare payment at the same time, other circumstances can arise where a person can qualify for a social welfare payment in their own right and can also be regarded as being a dependant of another person who is claiming a social welfare payment. For instance, in certain limited circumstances, young people can qualify for a payment in their own right and can continue to be regarded as a qualified child of their parents or guardians, who are also claiming a social welfare payment. In these situations, the young person is being treated under the social welfare system as being both a claimant in their own right and also as dependent on another person. However, it is noted that the social welfare code precludes similar overlaps occurring in the case of adults.⁵⁹
- 6.5.15** *For the same reasons that it is recommending the discontinuance of overlaps between personal rates of illness and disability payments and other social welfare payments (other than Disablement Benefit), the Working Group is also recommending the discontinuance of overlaps between personal rates of illness and disability payments for young recipients and child dependant increases payable in respect of the same people, for new cases.*⁶⁰

Payment of Child Benefit Concurrently in respect of Recipients of Illness and Disability Payments

- 6.5.16** Following on from the above examination of overlaps between illness and disability payments and other social welfare payments (including increases for dependants), the question of the concurrent payment of Child Benefit in respect of recipients of illness/disability payments was also considered. It is noted that it is possible for Child Benefit to be paid in respect of a number of categories of people who are in receipt of social welfare payments, e.g. to Orphans Pensioners and young recipients of One Parent Family Payment, Disability Allowance and Blind Person's Pension and, to a lesser extent, to young recipients of Disability Benefit and Injury Benefit. However, the numbers involved in these situations would be quite small.
- 6.5.17** While it is recognised that some of the same arguments that arise in the case of the payment of child dependant increases in respect of young recipients of social welfare payments can also arise in the case of the payment of Child Benefit, there are a number of significant differences. For instance, Child Benefit is quite different in nature to all other social welfare payments. The weekly social welfare payments are designed to provide income replacement for people who are unable themselves to generate an income because of illness, lack of work etc. Underlying the arguments against overlapping payments is the fact that people should not be compensated more than once for the same inability to generate an income. However, Child Benefit is not an income replacement payment. Rather, it is a compensatory payment that is made towards the costs of child rearing. For example, in providing increases in Child Benefit in recent years, the Minister for Finance has stated that this benefit is provided as a means of supporting childcare costs in whatever way in which parents themselves choose. It is also a key instrument in tackling child poverty.⁶¹ The payment of Child Benefit is not therefore, based on the fact that children cannot work or that their parents' cannot work.

⁵⁹ Under revised dependency arrangements, which were introduced in 1986, a person who is in receipt of a social welfare payment in their own right cannot be regarded as a qualified adult of another social welfare recipient.

⁶⁰ A similar recommendation has been made in relation to overlaps between Orphans Pensions and child dependant increases. See *Review of Social Welfare Payments to Orphans*, 47.

⁶¹ *Dáil Éireann, Parliamentary Debates (Unrevised)*, Volume 558, No. 5, 4 December 2002 (Dublin: The Stationery Office, 2002), column, 1264.

- 6.5.18** The main area where the payment of Child Benefit overlaps with the payment of illness and disability payments to young people occurs under the Disability Allowance scheme, which can be paid from 16 years. The background to the occurrence of overlaps between Child Benefit and DA was examined to see if any consideration had previously been given to this issue. Until 1973, Child Benefit was only paid up to 16 years and such overlaps could not therefore, occur. This age limit was increased to 18 years from July 1973 in the case of children in full-time education, in apprenticeship and also in the case of children with disabilities. Although it does not appear to have been explicitly considered at the time, it would nevertheless, have been implicit in the decision to extend the Child Benefit age limit to 18 years for children with disabilities that this proposal would also have involved the concurrent payment of Child Benefit with Disabled Person's (Maintenance) Allowance (now DA) between the ages of 16 to 18 years.⁶² However, the rationale for this overlap is not immediately apparent.
- 6.5.19** It is highlighted in Chapter 15, paragraph 15.3.13 that the available evidence would suggest that, in the main, parents or guardians tend to be the financial agents for recipients of Disability Allowance in the 16 to 18 age group. In these circumstances, the income from DA is not generally regarded as an income support for the actual recipient, but as an additional income to the household to compensate for the additional costs incurred by the household, both direct and indirect. It is likely therefore, that the concurrent payment of Child Benefit and Disability Allowance for those in the 16 to 19 age group meets income replacement needs, general childcare costs and costs of disability, although it is not possible to apportion these costs to the particular payments.
- 6.5.20** A further significant issue to be considered is that, unlike other social welfare payments which are subject to satisfying PRSI contribution conditions or means tests, Child Benefit is a universal payment and can be paid regardless of the level or the source of income of the parents or the children. The withdrawal of Child Benefit in the case of young recipients of illness and disability payments would have wider implications for the operation of the Child Benefit scheme. For instance, would it be equitable to discontinue payment of Child Benefit in the case of young recipients of DA who may reside in low income households, while at the same time allowing payment to continue to higher income families where the child is at college and may also have a part-time job (where the earnings may be higher than the rate of DA)?
- 6.5.21** Given that many of the issues involved are beyond the remit of this review, e.g. the role of the Child Benefit scheme and the question of how best to meet the additional costs of disability, *it was not possible therefore, to come to definitive conclusions on this matter*. However, it is considered that this is an issue that would be best dealt with in the context of a review of the nature and purpose of the Child Benefit scheme.

6.6 Meeting the Additional Costs of Disability

- 6.6.1** It is clear from the consultations with the various representative groups which have been undertaken for the purposes of this review that the additional costs associated with disability is one of the major issues affecting the disposable incomes of people with disabilities. Illness and disability can add significantly to the daily cost of living. For instance, the Commission on the Status of People with Disabilities has highlighted that it can give rise to extra costs which can be classified according to a number of areas of need, e.g. equipment, mobility and communications, living costs, medical and care and assistance.⁶³ As already indicated, people with disabilities are not a homogeneous group and accordingly, they have widely differing needs. The extra costs of disability do not therefore, arise to the same extent in all cases.

⁶² The upper age limit for Child Benefit purposes was subsequently increased to 19 years.

⁶³ *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities*, 128-129.

Existing Supports towards Additional Costs of Disability

6.6.2 There is currently no one comprehensive payment available in respect of the additional costs of disability. There are however, a number of payments specific to people with disabilities which go some way towards meeting some of these costs. For instance, there is a range of supports available in relation to mobility and transport costs. The Mobility Allowance, payable by the Health Boards, provides financial support to people who are unable to walk or use public transport and who would benefit from a change in surroundings, while the Motorised Transport Grant provides financial support towards the cost of purchasing or adapting a car for people with severe disabilities on low incomes. In addition, tax concessions are available from the Revenue Commissioners in relation to Vehicle Registration Tax, VAT and Excise Duty on fuel in connection with vehicles used by people with disabilities.

6.6.3 Various mobility aids and appliances are also available from the Health Boards under the medical card scheme. The Health Boards also provide funding towards minibus and ambulance services, while the Departments of Transport and Justice, Equality and Law Reform support a number of projects providing transport for people with disabilities. Despite the various forms of assistance available through such schemes, the extra costs associated with transport and mobility can still place a strain on the available resources of people who are sick or disabled.⁶⁴

6.6.4 There is also the Free Travel scheme, which is one of a number of payments and benefits-in-kind administered by the Department of Social and Family Affairs, which are payable in addition to certain income maintenance payments. The Commission on the Status of People with Disabilities considered that these payments could go some way towards meeting the additional costs of disability.⁶⁵ For example, it has been suggested that the Free Travel Pass meets, to some extent, the additional mobility and transport costs incurred by people with mobility impairments. However, as these payments are not confined to people with disabilities and are not available to those in employment, it is difficult to argue that they cater specifically for the additional costs of disability (see Chapters 8 and 11 for further information on the role of the “Free” schemes in meeting the additional costs of disability).

6.6.5 For instance, the Review of the Free Schemes operated by the Department of Social and Family Affairs indicated that the objectives of these schemes are to –

- Provide assistance to those living alone by targeting them with specific benefits providing both income and social inclusion gains;
- Support older people and people with disabilities in their wish to remain in the community as opposed to institutional care; and
- Support government policy which seeks to acknowledge the value of older people in society.

That Review also noted that *“while they do have community care and social inclusion objectives, they are not directly linked to disability or the promotion of health objectives.”*⁶⁶

6.6.6 Another benefit-in-kind administered by the Department of Social and Family Affairs, which has been linked to cost of disability needs, is the fuel allowance scheme. This payment is available for 29 weeks during the winter months to provide a financial supplement to low income households so as to assist towards their home heating needs. It is not confined to people on disability-related payments, but is available to all long-term social welfare recipients, including

⁶⁴ See Quinn, Orlaigh, *A Review of the Free Schemes operated by the Department of Social, Community and Family Affairs* (Dublin: The Policy Institute, Trinity College Dublin, 2000), 29-67.

⁶⁵ *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities*, 128.

⁶⁶ *A Review of the Free Schemes operated by the Department of Social, Community and Family Affairs*, 25.

the unemployed, widow / ers, lone parents, old age pensioners etc. Again, in view of the nature of this scheme it is difficult to argue that it caters specifically for the additional costs of disability.

6.6.7 While people with disabilities may incur additional costs in some of the areas covered by the “Free” schemes and the fuel allowance, it is clear that these payments, as currently structured, are not designed to meet the additional costs incurred specifically as a result of disability, i.e. the costs incurred by people with disabilities over and above the travel, fuel etc. costs incurred by other groups of social welfare recipients. These issues highlight the particular difficulties involved in attempting to identify the additional costs specifically associated with disability as opposed to additional costs arising in other circumstances, e.g. long-term dependence on social welfare.

6.6.8 In examining the issue of the adequacy of payments to people with disabilities, the Commission on the Status of People with Disabilities concluded that income support for people with disabilities was highly inadequate. In dealing with the income needs of people with disabilities, the Commission distinguished between income maintenance needs and additional costs associated with disability and recommended separate payments for each.⁶⁷ In the case of the additional costs associated with disability, the Commission recommended the introduction of a variable Cost of Disability Payment. This payment, which would not be taxed or subject to a means test, would be underpinned by the introduction of a needs assessment procedure.

6.6.9 In this connection, the Programme for Prosperity and Fairness provides that the Department of Health and Children, the Department of Social and Family Affairs and the Department of Finance will set up and participate in a Working Group which will consult with the social partners to examine the feasibility of introducing a Cost of Disability Payment. This PPF Working Group, which is being chaired by the Department of Health and Children, and also includes representatives of the Department of Justice, Equality and Law Reform and the National Disability Authority, is currently examining the many difficult and complicated issues involved in this area.

6.6.10 *The Working Group on the Illness and Disability Payment schemes welcomes this examination and supports the view that the costs of disability should be addressed separately rather than through higher basic income maintenance payments, which would not be targeted at those individuals whose needs are greatest. Furthermore, the Working Group stresses the importance of meeting the costs of disability in a way that is less dependent on labour force status, if people with disabilities are to be given the opportunity to participate in the workforce.*

6.7 Targeting of Illness/Disability Payments

6.7.1 In paragraph 6.2.3 we identified that the question of whether the illness and disability payments are well targeted is one of the key issues to be examined in determining if the income support objective of these payments are being met. This objective of the illness and disability payments requires a transfer of resources to people who are unable to generate an income due to illness or disability. This is achieved through a redistribution of income from those currently earning an income to those who are incapable of working due to illness, disability etc. The various illness and disability payment schemes involve both vertical and horizontal redistribution. Vertical redistribution is achieved through the transfer of income, in the form of social insurance benefits funded by way of PRSI contributions, from those at work and earning to those who have limited

⁶⁷ The Commission's recommendations relating specifically to the income maintenance element is discussed in Chapter 16 on Alternative Approaches (see paragraphs 16.4.3 to 16.4.11).

or no incomes because they are unable to work due to illness or disability. It is similarly achieved through the transfer of income, in the form of social assistance payments, funded by way of general taxation in the form of income tax paid by taxpayers and other forms of taxation payable by the wider population. Horizontal redistribution is achieved through the transfer of additional income to families of different sizes and composition through the increases payable in respect of qualified adults and qualified children, as well as through the Child Benefit scheme.

6.7.2 The Working Group attempted to measure the effectiveness of these transfers by examining the overall impact of the expenditure of the various illness and disability payments (including increases for qualified adults and qualified children) on the income distribution. This examination was undertaken using the Economic and Social Research Institute's tax-benefit model – SWITCH. This model is a tool used for analysing the effects of tax and social welfare policy changes. The model's database is derived from the Living in Ireland Survey conducted by the ESRI, using detailed information on individual and family circumstances (wages, employment status, hours worked, etc.) to simulate the impact of policy changes on disposable income. The distributional impact of the illness/disability payments, which was undertaken by the Working Group, is based on 2002 data.

6.7.3 Details of the distributional impact of the illness and disability payments by decile range, differentiated by tax unit and by income sharing unit, are set out in Appendix VI. The principal results highlight that expenditure on the illness and disability payments is well targeted with 76% going to households in the lowest income decile, while 89% goes to the bottom half of the income distribution.

6.7.4 These results show that the illness/disability payments are highly effective in providing income support for people who are ill and disabled who are most in need.

6.8 Conclusions

6.8.1 While this Chapter focuses on adequacy of payments and whether the illness and disability payments are well targeted, Part 4 looks at a number of other issues for improving the overall effectiveness and efficiency of these schemes, such as improving comprehensiveness and consistency, simplification of systems etc. Overall the Working Group concludes that the broad income support objectives of the illness and disability payment schemes are being met by their current operation, in terms of providing income maintenance to this group and that expenditure on these payments is well targeted. The Working Group also concludes that, while the provision of income support for people with illnesses and disabilities is relatively comprehensive, there could be an improvement in effectiveness and efficiency through rationalisation so as to make the overall system simpler and more consistent.

6.8.2 In examining the question of adequacy of the illness and disability payments, the Working Group –

- Concludes that due to the range of interlinkages between the different social welfare schemes, the question of what constitutes a broadly adequate level of income maintenance payment for illness and disability schemes cannot be considered in isolation from the rates of payment for other social welfare schemes.

- Notes the findings of the PPF Benchmarking and Indexation Group that, due to a wide variety of perspectives, it is not possible to derive an indisputable and universally accepted adequacy rate for social welfare payments.
- Notes the various commitments in the Review of NAPS, the Agreed Programme for Government and Sustaining Progress to achieve a rate of €150 a week in 2002 terms for the lowest rates of social welfare, to be met by 2007, and the appropriate equivalence level of basic child income support to be set at 33% to 35% of the minimum adult social welfare payment rate.
- Welcomes these Government commitments as a measurable target for adequacy of illness and disability payments.
- Examines the level of payments to people who are ill and people with disabilities relative to payments to those caring for them and concludes that any future improvements in the payment schemes for carers should ensure that they do not become significant barriers for people with disabilities who wish to achieve more independent living or to take up available employment and training opportunities.
- Recommends the discontinuance of concurrent payment of illness and disability payments with other income maintenance payments, for new cases.

6.8.3 Finally, the Working Group acknowledges that the question of meeting the additional costs of disability is a major issue affecting the incomes of people with disabilities. The Working Group supports the view that the costs of disability should be addressed separately to income maintenance needs and stresses the importance of meeting these costs in a way that is less dependent on the person's labour force status.

Chapter

7 ARE POVERTY AND SOCIAL INCLUSION OBJECTIVES BEING MET?

7.1 Introduction

7.1.1 The Working Group noted that a further high level goal of DSFA is to “provide relevant and effective supports to those affected by poverty and social exclusion and co-ordinate the development of the Government’s strategy in this area, in co-operation with other statutory and voluntary agencies.”⁶⁸ In this Chapter we focus on the extent to which the objectives of combating poverty and promoting social inclusion are being met in the case of the illness and disability payment schemes. For the purposes of this assessment, the Working Group examined a number of key issues, as follows –

- What is the level of consistent poverty among this group and how does it compare with the population generally and with other social welfare groups?
- Are the differences a result of changes in relative income levels and/or deprivation indicators?
- Are illness/disability schemes less likely to facilitate earnings from employment than other social welfare payments do?
- Are there reasons to question whether or not a common approach to the adequacy of payments is wholly appropriate for illness/disability payments?

In addition, this Chapter examines the implications of the wider social inclusion agenda for this group.

Poverty Proofing

7.1.2 It is a requirement that, where significant policy proposals are being developed, the impact of those proposals on groups in poverty or at risk of falling into poverty is clearly indicated. Given the administrative nature of many of the proposals contained in this Report and the fact that relatively small numbers of people might be affected by them initially, it is not proposed to assess each of the recommendations individually for their impact on poverty. The Working Group considered that, in keeping with the aim of the review to provide an overview of all income maintenance schemes, it would be better to consider the overall impact of the proposals emerging from this review on poverty. Accordingly, the Working Group considers that the analyses which it has carried out throughout this report and, in particular, in this Part clearly indicate the impact of its proposals on groups in poverty and at risk of falling into poverty (see also Chapter 17, section 17.2).

7.2 National Anti-Poverty Strategy (NAPS)

7.2.1 The National Anti-Poverty Strategy provides a framework for the implementation of cross-Departmental/Agency policies to reduce poverty and social exclusion. A central element of this strategy is to ensure that the net effect of all policies impacting on income levels (e.g. employment, tax, social welfare, pensions) is to provide sufficient income for a person to move out of poverty and live in a manner compatible with human dignity. For the purposes of NAPS, people are defined as living in poverty if “their income and resources (material, cultural and social)

⁶⁸ Department of Social and Family Affairs, *Promoting a Caring Society: Strategy Statement 2003-2005* (Dublin: Department of Social and Family Affairs, 2003), 40.

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.”⁶⁹

- 7.2.2** The targets contained in NAPS are framed around the themes of income adequacy, employment and unemployment, education, health, housing and accommodation. Specific regard is had to the position of those groups who are vulnerable to poverty, including people with disabilities. Accordingly, the Working Group considered that the NAPS themes of income adequacy and employment/unemployment are of particular relevance in the context of this review of the income maintenance payments for people who are ill and people with disabilities (see also Chapters 6 and 8).

NAPS Targets

- 7.2.3** A key target of NAPS is to reduce the numbers of those who are consistently poor to below 2% and, if possible, to eliminate consistent poverty, under the current definition of consistent poverty. Specific attention will be paid to particular vulnerable groups in the pursuit of this objective.

Consistent Poverty

- 7.2.4** Consistent poverty is defined as being below 50% to 60% of average disposable income and experiencing basic deprivation. Basic deprivation refers to a set of eight indicators, which are regarded as necessities and possessed by a majority of those in the Living in Ireland Survey conducted by the Economic and Social Research Institute (ESRI).⁷⁰ Consistent poverty has been chosen as the global target under the National Anti-Poverty Strategy because the inclusion of deprivation, as well as income, gives a better guide than income alone to changes in the extent and nature of exclusion arising from inadequate resources.

7.3 Measuring Levels of Poverty among People who are Ill/Disabled

Living in Ireland Surveys

- 7.3.1** The Working Group has already noted in Chapter 3 that there is little comprehensive statistical data available on the number and circumstances of people who are ill and people with disabilities in Ireland. This is also the case in relation to the availability of data on the levels of poverty among this group. The available data in this area has been derived from the Living in Ireland Surveys from 1994 to 2001, carried out by the ESRI.⁷¹ These surveys, inter alia, allow for the estimation of the number of people falling below specified income thresholds, categorised by the labour force status of the head of household in which they live and also by the type of social welfare payment being received. The categorisations in the Living in Ireland Surveys include people in households headed by a person who is ill or disabled and people receiving illness and disability payments. The Living in Ireland Surveys also provide data on the risk and incidence of falling into consistent poverty.

⁶⁹ Department of Social, Community and Family Affairs, *Building an Inclusive Society: Review of the National Anti-Poverty Strategy under the Programme for Prosperity and Fairness* (Dublin: The Stationery Office, 2002), 6-9.

⁷⁰ See Appendix V: Poverty Trends 1994 – 2001 for a list of these indicators..

⁷¹ See, for example, Whelan, Christopher T., Layte, Richard, Maître, Bertrand, Watson, Dorothy, Nolan, Brian, and Williams, James, *Monitoring Poverty Trends in Ireland: Results from the 2001 Living in Ireland Survey* (Dublin: Economic and Social Research Institute, 2003).

Some Limitations Associated with Data from Living in Ireland Surveys

7.3.2 The data from the Living in Ireland Surveys has had a significant impact on the measurement and analysis of poverty in Ireland. However, there are a number of limitations with this data and its analysis insofar as it can provide information on the effectiveness of income supports in reducing poverty among the target groups. For instance, the data relates to people living in households where the person classified as the head of the household is ill or disabled. However, not all people in these households will themselves be ill or disabled. Nor does this group represent the total population of people who are ill and disabled, as many such people will be in households headed by people in other categories, e.g. employees, self-employed etc. In addition, the data does not encompass people with disabilities who are in institutional care.

7.3.3 Another limitation with the survey data is that there are relatively small numbers classified as being ill or disabled in the Living in Ireland Survey and the grossed-up estimates for this group are subject to a wider margin of error than for the whole population. Caution therefore, needs to be taken in interpreting the results for this group. As noted elsewhere in this report, those with illnesses and disabilities represent a very diverse group, with very different needs. The presentation of aggregate results for this group could therefore, mask very significant differences between the various categories embraced by this group. A further difficulty is that the ESRI surveys mainly concentrate on cash income. The value of non-cash benefits, which are of particular importance to people with disabilities, has not been taken into account on an ongoing basis in the Living in Ireland Surveys carried out by the ESRI since 1994.⁷²

7.3.4 Nevertheless, in the absence of any other comprehensive data in this area, the findings of the ESRI surveys provide a useful indicator as to the levels of poverty for the target groups.

7.4 Prevalence of Poverty among People who are Ill/Disabled and among the Population Generally

7.4.1 In section 7.4 we examine the trends in consistent poverty among people in households headed by a person classified as being ill or disabled and among people receiving illness/disability payments between 1994 and 2001.⁷³ The Working Group also notes that, while the NAPS targets focus on consistent poverty, in the broader context of examining income adequacy, relative income poverty provides a valuable measure of the well-being of people who are ill or disabled. In addition, trends in consistent poverty can be better understood after an examination of relative income poverty trends. Therefore, the trends in the numbers falling below relative income lines among the target groups are also examined.⁷⁴

7.4.2 Appendix V contains more detailed information on the risk of consistent poverty, the number of people falling below the relative income line set at 60% of median income and the risk of scoring 1 or more on the basic deprivation index⁷⁵ among different household types and among people in receipt of different social welfare payments.

⁷² However, separate research on the impact of non-cash benefits (such as Free Travel, medical cards etc.) on poverty, using the data from the 1997 Living in Ireland Survey has been carried out by the ESRI. See Nolan, Brian and Russell, Helen, *Non-Cash Benefits and Poverty in Ireland* (Dublin: Economic and Social Research Institute, 2001).

⁷³ While NAPS refers to consistent poverty as being between 50% and 60% of *mean income* and experiencing basic deprivation, the latest Living in Ireland Survey conducted by the ESRI presents data on consistent poverty measured by reference to the numbers falling below 70% of *median income* and experiencing basic deprivation. The ESRI noted that mean income can be quite sensitive to a small number of high incomes at the top of the distribution. However, median income is not affected by outliers in the same way. Because the median lies below the mean, the ESRI has therefore, constructed a consistent poverty measure at 70% of median income and experiencing basic deprivation.

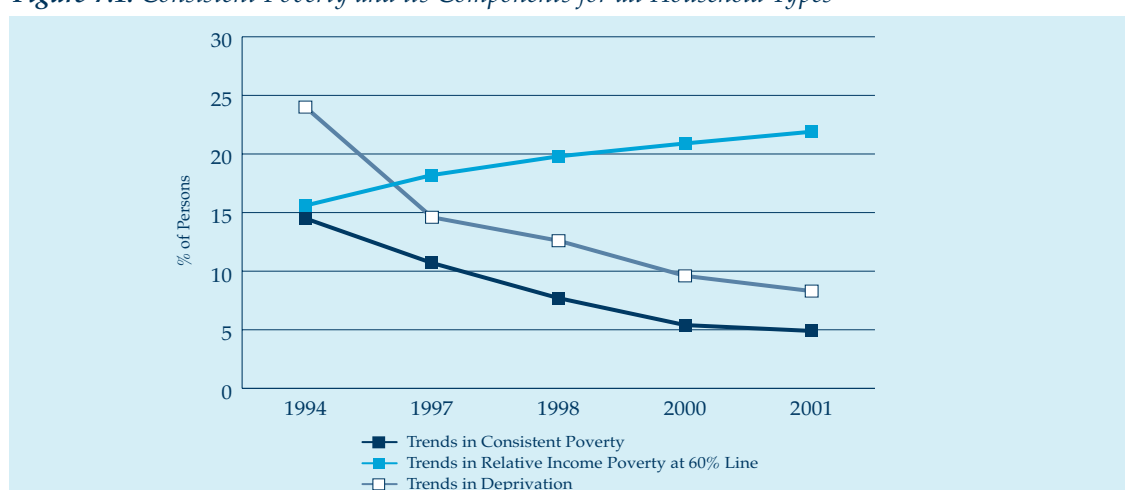
⁷⁴ The relative income poverty line approach involves deriving poverty line incomes as fixed proportions of mean or median incomes, e.g. 50%, 60% or 70%.

⁷⁵ The basic deprivation index relates to the enforced lack of one of a set of eight indicators which were regarded as necessities and possessed by a majority of those in the Living in Ireland Survey conducted by the ESRI. These indicators are outlined in Appendix V.

Poverty Trends among General Population between 1994 and 2001

7.4.3 The results from the 2001 Living in Ireland Survey show that among the general population consistent poverty, i.e. the measure used for the purposes of NAPS, continues to decline (see Figure 7.1). For instance, in 2001 4.9% were below 70% of median income and experiencing basic deprivation as compared with 14.5% in 1994. This represents a 3 fold reduction in the level of consistent poverty among the population as a whole. The fall in consistent poverty is driven by the reduction in deprivation levels (measured by a variety of non-monetary indicators) which continue to fall. In fact, there has been a marked decrease in basic deprivation for most types of households since 1994, with the risk of scoring 1 or more on the basic deprivation index having decreased by almost two thirds, from 24% in 1994 to 8.3% in 2001. However, the numbers of people falling below relative income lines have not been falling. In fact they were often higher in 2001 than in 1997 or 1994. The results for the 60% line are shown in Figure 7.1.

Figure 7.1: Consistent Poverty and its Components for all Household Types



Poverty Trends Among Households Headed by an Ill/Disabled Person

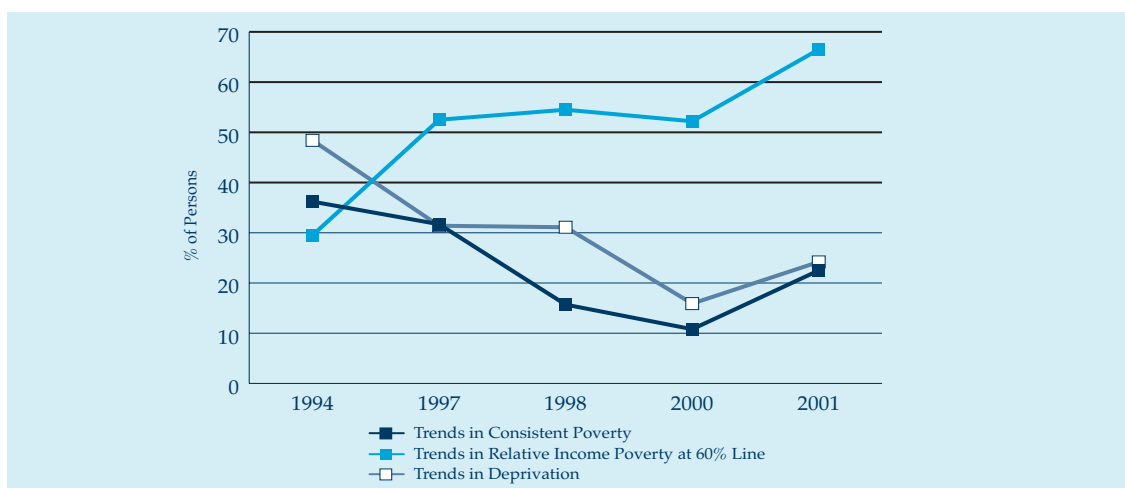
7.4.4 The risk of consistent poverty among people in households headed by a person classified as being ill or disabled has also reduced – it fell by over a third between 1994 and 2001, down from 36.2% to 22.5% (see Figure 7.2). However, following a steady decline between 1994 and 2000, there has been a sharp increase in the risk for this group between 2000 and 2001, up from 10.8% to 22.5%.⁷⁶ Households headed by a person who is ill or disabled now face the highest risk of consistent poverty and this risk is over 4 times higher than for the population generally (see Table 1 in Appendix V). The trends in consistent poverty among this group are determined by two separate components, namely the level of those experiencing deprivation and of those below relative income poverty lines –

- The level of basic deprivation, as measured by scoring 1 or more on the basic deprivation index, has halved for people in households headed by an ill or disabled person between 1994 and 2001 (see Table 5 in Appendix V). However, the level of basic deprivation among this group is still almost 3 times higher than for the population generally. Furthermore, a steady decline between 1994 and 2000 has been followed by a sharp increase between 2000 and 2001. There are no clear reasons for this as the driver of the fall in deprivation levels – real increases in social welfare incomes – did not reverse in 2001.
- Rising numbers falling below the relative income lines has meant that this group also faces the highest risk of being below the relative income lines set at 50%, 60% and 70% of median

⁷⁶ Paragraph 7.3.3 notes that due to the relatively small numbers involved, the grossed-up estimates for this group could be subject to a wider margin of error than for the population generally. This could go some way to explaining the volatile nature of the trends for this group between 1998 and 2001.

income. People in households headed by an ill or disabled person have a risk of falling below the relative income line set at 60% of median income which is over 3 times higher than for the population generally, with two thirds of this group falling below this line (see Table 3 in Appendix V).

Figure 7.2: Consistent Poverty and its Components among People in Households Headed by an Ill or Disabled Person



7.4.5 This increased risk of falling below relative income lines is shared by a number of other groups, including people in households headed by a retired person and by people on home duties. While households headed by an unemployed person still face a relatively high risk of falling below relative income lines, they continue to decline as a proportion of all those below these thresholds. On the other hand, households headed by an employee still face the lowest risk, but are becoming more important among those below the relative income lines.

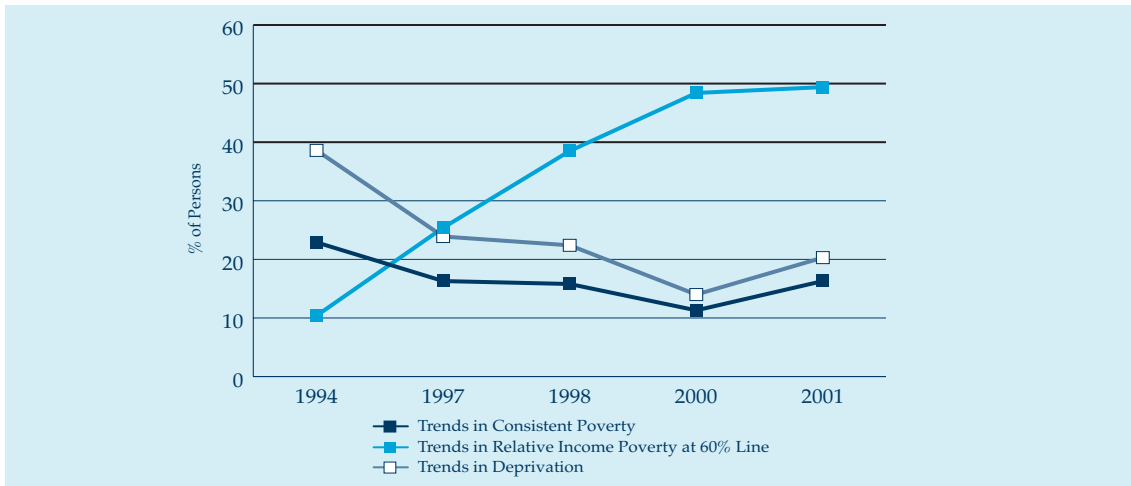
Poverty Trends Among People Receiving an Illness/Disability Payment

7.4.6 Similar to the trends in consistent poverty among the population generally and among households headed by an ill or disabled person, people in receipt of illness and disability payments have seen a reduction in the risk of consistent poverty between 1994 and 2001 - down from 22.9% to 16.3% (see Figure 7.3). Following a steady decline between 1994 and 2000, there has been an increase in the risk of consistent poverty for this group between 2000 and 2001, up from 11.3% to 16.3%. This group has the second highest risk of consistent poverty among the different social welfare groups and has a risk that is over 3 times higher than the population generally. As before, an examination of the deprivation and income components of consistent poverty can be useful –

- The basic deprivation level among this group has almost halved between 1994 and 2001. But, similar to the trends in consistent poverty, a steady decline in basic deprivation levels between 1994 and 2000 has been followed by a sharp increase between 2000 and 2001, up from 14% to 20.3%. The level of basic deprivation among people receiving illness and disability payments is now almost 2 1/2 times higher than for the population generally.
- People receiving illness and disability payments now have the highest risk among different social welfare groups of falling below the relative income line set at 60% of median income. The risk for this group has increased almost five fold since 1994, although the risk has

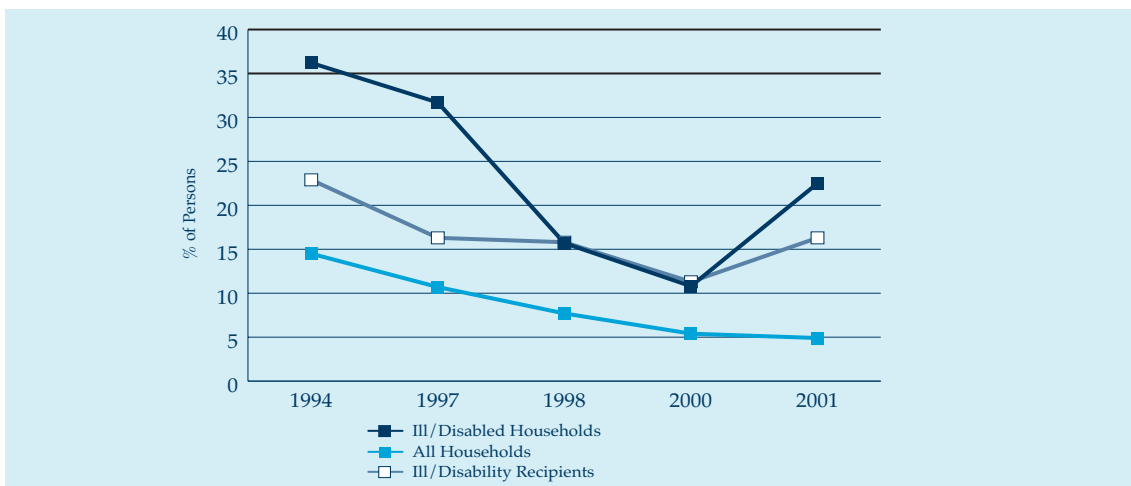
stabilised somewhat between 2000 and 2001. The risk of falling below the relative income line set at 60% of median income for people receiving illness and disability payments is now over twice as high as for the population generally.

Figure 7.3: Consistent Poverty and its Components among People in Receipt of Illness/Disability Payments



7.4.7 The increased risk of falling below relative income lines among people receiving illness and disability payments is shared by all of the other social welfare groups. For instance, there has been a 9 fold increase in the risk of falling below the 60% relative income line for old age pensioners, while widows pensioners have seen their risk increase over 7 fold (see Table 4 in Appendix V). However, for people receiving illness and disability payments, the risk of consistent poverty, of falling below relative income lines and of scoring 1 or more on the basic deprivation index is lower than for people in households headed by an ill or disabled person.

Figure 7.4: Levels of Consistent Poverty among all Households as Compared with Ill/Disabled Households and People in Receipt of Illness/Disability Payments



Conclusion

7.4.8 In general there has been a steady decline in basic deprivation as measured by the basic deprivation index between 1994 and 2001. The mean score on the basic deprivation index in 2001 was less than one quarter of that in 1994. The percentage of households registering a score of one or more has fallen from 24% in 1994 to just over 8% in 2001. In line with these trends, there has been a noticeable decrease in basic deprivation for all households classified by the economic status of the head since 1994, with the decline continuing between 1998 and 2001. This decline has been particularly large for households where the reference person is ill or disabled, falling by half from 48% to 24%. A similar decline is observed among recipients of all social welfare payments, with the risk of scoring one or more on the basic deprivation index having fallen by nearly a half among people receiving illness and disability payments.

7.4.9 While the numbers falling below income lines linked to average incomes have been increasing between 1994 and 2001, the proportion falling below income lines adjusted only in line with increases in prices has fallen significantly. For instance, the proportion falling below 60% of mean income has fallen from about 30% in 1994 to 6% in 2001 (when uprated for price inflation). This reflects the scale of real income growth during this period. In the light of this growth in real incomes, it is not surprising therefore, that basic deprivation levels, as measured by the 8-item (enforced lack) basic deprivation index, would have generally fallen during this period.

7.5 Reasons for Differences in Poverty Trends

7.5.1 The Working Group examined the data available in the latest Living in Ireland Survey to see if it could identify reasons for the different trends emerging among people receiving an illness/disability payment as compared with other social welfare groups and the population generally. Bearing in mind that there are a number of limitations with the data relating to people who are ill and disabled, caution therefore, needs to be taken in interpreting these results (see paragraphs 7.3.2 and 7.3.3 above).

7.5.2 Over the period from 1994 to 2001, people in households headed by an ill or disabled person and in households receiving illness or disability payments have experienced reductions in consistent poverty levels. However, the level of consistent poverty among these groups continues to be significantly ahead of that for the population generally. Indeed, the “gap” between the consistent poverty levels for these groups and the level for the general population has been widening during this period. For instance, while the level of consistent poverty among households headed by an ill or disabled person was 2 1/2 times the level among the general population in 1994, this had increased to 4 1/2 times by 2001.

7.5.3 Based on labour force status, people in households headed by an ill or disabled person have the highest risk of consistent poverty. Consistent poverty levels among people receiving social welfare payments show that those receiving illness and disability payments have the second highest risk. Given these high poverty levels, the Working Group sought to identify some of the specific factors which apply to these groups and, in particular, to those on illness and disability payments, which may have influenced the trends in poverty over this period. In this regard, the Working Group analysed in more detail the two individual components of the consistent poverty measure, i.e. relative income and deprivation levels.

7.5.4 The following factors emerged in this examination and these are discussed below -

- the trends in social welfare rates compared with relative income lines,
- the likely implications of the low levels of employment on overall income levels among people with disabilities,
- the likely impact of meeting the additional costs of disability on overall income levels among this group,
- the implications of extended duration on social welfare payments for poverty levels, and
- differences in household composition among this group, which can impact on patterns of income and consumption.

Trends in Social Welfare Rates Compared with Relative Income Lines

7.5.5 The trends in the numbers falling below relative income lines reflect different trends in income growth over the period. For instance, real income growth was exceptionally rapid for those in employment after 1994 and the number of people in employment also rose dramatically. Those relying on social welfare payments for their main source of income also saw significant real increases, with payment levels rising faster than prices (see also paragraph 7.4.9 above). These factors contributed to rising real incomes and to a sharp reduction in the numbers falling below income lines indexed to prices. However, with social welfare rates lagging behind income growth, relative income lines rose more rapidly. Accordingly, those relying on social welfare payments for much or all of their income were more likely to fall below relative income lines.

7.5.6 This is highlighted in Table 7.1 below, which examines the relationship between relative income lines and illness/disability payment levels between 1994 and 2001. As will be seen, in 1994 all of the illness and disability payment rates for the various household compositions were above the 40 per cent relative income line, with the Invalidity Pension rates being closer to the 50 per cent relative income line. By 1997, apart from the Invalidity Pension rates, only the single rates of the other illness and disability payments exceeded the 40 per cent line. All rates fell below the 50 per cent line. By 1998, all of the illness and disability rates, regardless of the household composition, fell short of the 40 per cent relative income line. This trend has continued and in 2001 all of the illness and disability rates fell significantly short of the 40 per cent relative income line.

Table 7.1: Relationship between Relative Income Lines and Illness/Disability Payment Levels, 1994 - 2001

Household Composition	1994 € per week	1997 € per week	1998 € per week	2000 € per week	2001 € per week
Single Adult					
40 per cent relative income threshold	65.73	83.69	98.96	110.44	125.22
50 per cent relative income threshold	82.17	104.62	116.21	138.05	156.53
60 per cent relative income threshold	98.60	125.54	139.45	165.66	187.84
<ul style="list-style-type: none"> Disability and Injury Benefits, Unemployability Supplement, Disability Allowance and Blind Person's Pension (under 66 years) 	77.45	85.71	89.52	98.40	108.56
<ul style="list-style-type: none"> Invalidity Pension (under 65 years) 	79.49	87.87	91.68	102.98	113.13

Household Composition	1994 € per week	1997 € per week	1998 € per week	2000 € per week	2001 € per week
Couple					
40 per cent relative income threshold	109.12	138.93	154.32	183.33	207.87
50 per cent relative income threshold	136.39	173.66	192.90	229.16	259.84
60 per cent relative income threshold	163.67	208.39	231.48	275.00	311.81
• Disability and Injury Benefits, Unemployability Supplement, Disability Allowance and Blind Person's Pension (under 66 years)	123.93	136.50	141.83	158.08	177.13
• Invalidity Pension (under 65 years)	131.93	145.13	150.72	170.78	189.70
Couple with 2 Children					
40 per cent relative income threshold	152.50	194.17	215.68	256.22	290.52
50 per cent relative income threshold	190.62	242.71	269.60	320.28	363.15
60 per cent relative income threshold	228.75	291.25	323.51	384.33	435.78
• Disability and Injury Benefits, Unemployability Supplement, Disability Allowance and Blind Person's Pension (under 66 years)*	169.17	187.60	193.81	216.52	250.20
• Invalidity Pension (under 65 years)*	182.25	201.32	207.78	234.17	267.85
* Includes Child Benefit					

Impact of Lack of Employment on Income Levels among People with Disabilities

7.5.7 The significance of falling below relative income thresholds may be even greater for those on illness and disability payments, who would normally have limited options for augmenting their fixed social welfare incomes or generating new sources of earnings. For example, the risk of falling below the 60% relative income line for people receiving an illness or disability payment has increased almost five fold since 1994, while there has been over a 9 fold increase in the risk for those receiving old age pensions, a group who also have limited options for augmenting their fixed incomes. Conversely, groups who could have a greater attachment to the labour force, such as the unemployed and lone parents, have seen less substantial increases in their risk of falling below the 60% relative income line over recent years, e.g. there has been a four fifths increase in the risk for people in receipt of unemployment payments between 1994 and 2001.

7.5.8 Even in situations where people classified as being sick or disabled are in a position to take up employment, this may not necessarily improve their risk of poverty. The Working Group has already highlighted the fact that many people with disabilities incur additional costs associated with their disability. It has also been noted that these additional costs can increase where a person takes up employment. For instance, a person with a significant mobility impairment can incur substantial additional costs in travelling to and from work if accessible public transport is not available (see also paragraphs 7.5.12 and 7.5.13 below).

7.5.9 In addition, the data outlined in Appendix V highlights the fact that, despite the recent very favourable economic conditions, the risk of falling below relative income lines has increased during this period among households headed by employees. The various issues concerning access to employment for people who are ill and people with disabilities are examined in more detail in Chapters 8 and 9.

Impact of Extended Duration on Social Welfare Payments for Levels of Poverty

- 7.5.10** All social welfare payments have increased in real terms between 1994 and 2001. For example, there has been a real increase of 15% in the rates of Disability Benefit and Disability Allowance during this period. As a consequence, the deprivation levels among social welfare recipients have reduced between 1994 and 2001. However, it is noted that there were significantly different levels of reduction in deprivation levels among the different social welfare payment types. For instance, deprivation levels among old age pensioners reduced by about a quarter during this period, while deprivation levels among recipients of unemployment payments reduced by 70%. Given that old age pensioners have received higher real increases than other social welfare categories since 1998, the significantly lower level of reduction in deprivation levels among old age pensioners as compared with other social welfare recipients is difficult to explain. This is all the more so when compared with the trends among widows pensioners, who have experienced a reduction of over 80% in deprivation levels since 1994.⁷⁷
- 7.5.11** It may well be the case that there are other factors at play which have a significant influence on the basic deprivation levels in the case of social welfare recipients, such as duration in receipt of payment. For instance, there has been a much larger reduction in basic deprivation levels among recipients of unemployment payments (which are generally regarded as short-term payments) than among recipients of old age pension and lone parents allowance (which are regarded as long-term payments). However, there has been an even larger reduction in basic deprivation levels among recipients of widows pensions (a long-term payment) than in the case of those on unemployment payments.

Impact of Meeting Additional Costs of Disability for Poverty Levels

- 7.5.12** Another factor which may be specific to people receiving illness and disability payments is the possible impact of the additional costs associated with disability. As outlined in Chapter 6, many organisations representing people with disabilities consider that the additional costs of disability are not being adequately met through current provision. If this is the case, then some of the resources of people on disability payments may be directed towards meeting these additional costs instead of meeting the cost of other essential items, such as those contained in the basic deprivation index. This would lead to an increase over time in basic deprivation levels.
- 7.5.13** The Working Group was not able to identify any such trends from the data in the Living in Ireland Surveys. However, people who are ill and disabled represent a very diverse group. Given that the Living in Ireland Survey results reflect aggregate data among people with illnesses and disabilities, it could be the case that these aggregate results contain significant variations among the distinct groups in this category.

Differences in Household Composition

- 7.5.14** The Working Group also noted that for people in households headed by an ill or disabled person there is a significantly higher level of risk of falling below relative income lines than is the case for people receiving illness/disability payments (66.5% as compared with 49.4% in 2001). Similarly, there are higher deprivation levels among people in households headed by an ill or disabled person as compared with those among people receiving illness/disability payments (24.2% as compared with 20.3% in 2001). While those in receipt of illness and disability payments are generally not in the workforce, households headed by an ill or disabled person include those

⁷⁷ Most widows pensioners are in the older age groups, e.g. 85% are aged 60 years and over.

who are in employment as well as those who are not capable of working. The Group could not adequately account for these higher levels of risk among households headed by an ill or disabled person. One explanation may lie in differences in household composition among the different groups. For instance, many of those in receipt of illness/disability payments may not themselves be the head of household, but may live in households where other members are in employment etc. In addition, households headed by an ill or disabled person may be less likely to have an employee present.

Conclusion

- 7.5.15** The higher risk of poverty among people with illnesses and disabilities reflect, inter alia, the trends in the rates of social welfare payments relative to incomes generally. They may also reflect the lack of employment opportunities for people with disabilities, the lack of comprehensive support towards meeting the additional costs of disability, the impact of extended duration on social welfare payments and differences in household composition. *However, as no specific evidence of this is available from the data contained in the Living in Ireland Surveys, the Working Group considered that these are issues that could usefully be explored in further more detailed research.*

7.6 Do Different Considerations Arise in Relation to Adequacy of Illness/Disability Payments?

- 7.6.1** Table 2 in Appendix V highlights that consistent poverty among people receiving an illness or disability payment has reduced by about a quarter since 1994. Reductions in the risk of consistent poverty (to greater and lesser degrees) are also observed among households receiving all other social welfare payments. Therefore, it was not possible to identify any clearly distinguishable poverty trends that differentiate people on illness/disability payments from other social welfare recipients. In the circumstances, the Working Group considered that the question of whether the illness and disability payment rates are adequate to combat poverty could not be addressed in isolation from the question of the adequacy of social welfare rates generally. The Group also considered that equity and simplicity are strong arguments favouring a consistent approach to adequacy across the different contingencies.

- 7.6.2** On the wider question of the adequacy of social welfare payment rates generally, the Working Group notes the findings of the PPF Benchmarking and Indexation Group that, due to a wide variety of perspectives, it is not possible to derive an indisputable and universally accepted adequacy rate for social welfare payments. The Working Group welcomes the various commitments to achieve a rate of €150 a week in 2002 terms for the lowest rates of social welfare, to be met by 2007, as a measurable target for adequacy of illness and disability payments (see also Chapter 6, section 6.3).

7.7 Effects of Illness/Disability Expenditure on Measured Poverty

Redistributive Effects of Illness and Disability Payments

- 7.7.1** The Working Group examined the effect of the illness and disability payments (including increases for qualified adults and qualified children) on the income distribution by using the Economic and Social Research Institute's SWITCH model.⁷⁸ Details of the distributional impact

⁷⁸ See also Chapter 6, section 6.7.

of the illness and disability payments by decile range, differentiated by tax unit and by income sharing unit, are set out in Appendix VI. The principal results are as follows –

- The model predicts that the gross cost of the illness and disability payments amounts to €1,172 million in total.⁷⁹ This is approximately €89 million lower than the Department's own estimates or 7% lower. There are a number of reasons for this, but chief among them is the use of different data sources;
- The model predicts that income tax amounting to €26 million (2%) would be deducted from this amount, giving a net amount of €1,146 million transferred to those on illness and disability payments;
- 76% of this amount goes to households in the lowest income decile, while 89% goes to the bottom half of the income distribution;
- According to the model, the impact of the illness and disability payments results in a fall in the overall numbers of households (of all types) below each of the 40%, 50% and 60% relative income poverty lines of 1, 0.4 and 0.8 percentage points respectively.

7.7.2 However, the redistributive effects of spending on illness and disability payments cannot be viewed in isolation from general social welfare spending. For instance, some of the illness and disability payments are only payable up to 66 years of age, at which stage the person must apply for an old age pension. In addition, due to the different conditions and levels of payment for the various social welfare schemes, people who are ill or people with disabilities may choose to claim another, more beneficial, social welfare payment in preference to illness/disability payments, e.g. Widow/ers Pensions and other lone parent payments, Maternity Benefit and Farm Assist. Other people with long-term illness and disabilities who have some employment potential may be in receipt of Family Income Supplement, Back to Work Allowance etc. Therefore, the figures for total spending on the various illness and disability payments will not fully reflect the total social welfare expenditure for all those who are ill or disabled.

7.8 Implications of Wider Social Inclusion Agenda

7.8.1 There are many aspects to the social inclusion of those in receipt of illness and disability payments. Some of the wider implications of the social inclusion agenda may be within the Department's direct span of control, such as the adequacy of the rates of payment and the delivery of services to those with disabilities. In addition, bearing in mind the Department's remit in relation to social inclusion, it has a role in supporting measures to address the "digital divide". Other aspects, though not directly within the Department's remit, are nevertheless subject to influence through the Department's stewardship of the Office for Social Inclusion, including, for example, the setting of specific NAPS targets for people with disabilities.

7.8.2 There are also a number of cross-Departmental issues and other external factors which will impact on this area in the short to medium term. For example –

- The outcome of the PPF Working Group Examining the Feasibility of a Cost of Disability Payment will have a significant impact on the future development of the social protection system for people with disabilities and specifically on how best to address the issue of the additional costs of disability;
- Related to the cost of disability issue is the possible introduction of a Needs Assessment Procedure. The introduction of such an assessment procedure could have a significant impact on the way the social protection systems for people with disabilities are structured;

⁷⁹ Disability Benefit, Injury Benefit, Disablement Pension, Invalidity Pension, Blind Person's Pension and Disability Allowance.

- The changing institutional structure in relation to welfare to work measures for people with disabilities, in particular the transfer in 2001 of policy responsibility from the NRB to FÁS and the Health Boards, requires a closer liaison between DSFA and the other agencies and organisations involved in this area, e.g. FÁS, Department of Enterprise, Trade and Employment, the regional Health Boards, Department of Health and Children etc.;
- The publication of the results of the Census held in April 2002, which includes for the first time questions on disability and caring, will provide significant additional insights into the situation of people with disabilities in Ireland. This information will be of considerable assistance in the future development of the supports and services for these groups;
- The role of the NDA in researching, monitoring and promoting disability issues and the role of Comhairle in information provision and advocacy for people with disabilities will also help inform the future development of supports and services for these groups;
- The application of the Equal Status Act and increased demands by people with disabilities themselves will provide an increased focus on a "rights based" approach to the provision of services for people with disabilities.

7.8.3 Given the multidimensional nature of social inclusion, the specific contribution of income support measures, while important, may necessarily be limited. As final details/conclusions of many of the issues highlighted in the previous paragraph have yet to be determined, their full implications for the way in which the Department provides support for people who are ill or disabled is still emerging. Nevertheless, the Working Group considers that the wider social inclusion agenda will have a more important role in this area in the coming years and that the operation of the income maintenance payments for people who are ill or disabled may need to be adapted to take account of these wider issues.

7.9 Conclusions

7.9.1 Considerable caution needs to be taken concerning the nature of the conclusions that can be drawn in this area. The limited data available would suggest that people with disabilities and illnesses face higher poverty rates than the population generally. For instance –

- While the risk of consistent poverty among households headed by an ill or disabled person has reduced by over a third between 1994 and 2001, it is four times as high as for the population generally.
- The risk of consistent poverty among people receiving illness and disability payments has reduced by over a quarter since 1994, but is over 3 times higher than for the general population.
- Households headed by a person who is ill or disabled now have the highest risk of falling below relative income lines.
- The risk of falling below relative income lines has increased significantly between 1994 and 2001, with households headed by a person who is ill or disabled being more than twice as likely to be at risk of falling below the 60% line in 2001 than in 1994.
- For people receiving illness and disability payments, the risk of falling below the 60% relative income line has increased almost five-fold between 1994 and 2001 and is now over twice as high as for the population generally.

7.9.2 Similar poverty trends are also experienced by a number of other categories of social welfare recipients, including those on old age pensions and lone parents allowances, suggesting that long-term dependence on social welfare may be a factor in determining the higher levels of poverty among these groups. However, the available evidence is not conclusive.

7.9.3 The higher risk of poverty among people with illnesses and disabilities reflect, inter alia, the trends in the rates of social welfare payments relative to incomes generally. They may also reflect –

- the lack of employment opportunities for people with disabilities,
- the lack of comprehensive support towards meeting the additional costs of disability,
- the impact of extended duration on social welfare payments, and
- differences in household composition among this group which can impact on patterns of income and consumption.

These are issues that could usefully be explored in further more detailed research.

7.9.4 As the higher risk of poverty among people receiving illness/disability payments is also shared by households receiving other types of social welfare payment, the question of whether the illness and disability payment rates are adequate to combat poverty cannot be addressed in isolation from the question of adequacy of social welfare rates generally. This issue is addressed in Chapter 6.

7.9.5 Expenditure on illness/disability payments is substantially redistributed to lower income households, with 76% going to households in the lowest 10% of income distribution and 89% going to households in the bottom half of income distribution. This expenditure also results in a fall in the overall numbers of households below each of the 40%, 50% and 60% relative income poverty lines of 1, 0.4 and 0.8 percentage points, respectively.

7.9.6 The illness and disability payment schemes make an important contribution towards combating social exclusion of people who are ill and people with disabilities through the provision of adequate income support and they have the potential to do more by strengthening employment support. However, in view of the range of issues emerging, the Working Group considers that the wider social inclusion agenda will have a more important role in this area in the coming years and that the operation of the income maintenance payments for people who are ill or disabled may need to be adapted to take account of these wider issues.

Chapter

8 ARE EMPLOYMENT SUPPORT OBJECTIVES BEING MET?

8.1 Introduction

8.1.1 In this Chapter we examine the extent to which the broad objectives of the illness and disability payment schemes are being met with a particular focus on the high level goal of providing supports to work through *“facilitating return to work or participation in training or further education by people in the active age groups dependent on State income supports, through a range of supportive measures, including referral to other agencies as necessary.”*⁸⁰

8.1.2 The Working Group noted that the State employment and training services for people who are sick and people with disabilities have been developed in an ad hoc manner over the years and have generally operated within a segregated environment rather than through mainstream provision. Within this uncoordinated framework, the social welfare system has attempted to provide supports to facilitate people on illness and disability payments to avail of employment and training opportunities. In recent years and, in particular, following the take-over of the DPMA scheme in 1996, a range of enhancements and extensions has been made to the social welfare employment supports available. The introduction of these improvements has resulted in significant increases in the number of people availing of them. For example, the number of Invalidity Pensioners availing of employment and training supports has more than trebled in the period between 1998 and 2002, up from 1,113 to 3,379. However, no analysis has been carried out as to the effectiveness of these measures.

8.2 Employment Supports Available from DSFA

8.2.1 It is important, at the outset, to put the employment supports available from the Department of Social and Family Affairs for people with disabilities and the long-term ill into context within the overall system of State employment and training supports for this group. Following the implementation of the recommendations of the Report of the Establishment Group for the National Disability Authority and Disability Support Service in 2000, the Department of Enterprise, Trade and Employment and FÁS now have responsibility for the vocational employment and training services, the supported employment programme and the Employment Support Scheme. The Department of Health and Children and the regional Health Boards have responsibility for the provision of lifeskills and foundation training⁸¹, day activation and sheltered occupational services for people with disabilities.

8.2.2 While the Department of Social and Family Affairs does not itself operate employment and training programmes, it aims through its range of supports to encourage and assist people with disabilities and long-term illnesses who are in receipt of social welfare payments to identify and

⁸⁰ Department of Social and Family Affairs, *Promoting a Caring Society: Strategy Statement 2003-2005* (Dublin: The Stationery Office, 2003), 30.

⁸¹ This type of training is now referred to as rehabilitative training.

take up available employment, training and other self-development opportunities, where appropriate. This is achieved through a range of measures, including –

- *exemptions from the Rules of Behaviour*⁸² which apply to the contributory illness and disability payments;
- *income disregards* in the case of means-tested payments, for those engaging in rehabilitative employment or self-employment and rehabilitative training;
- participation on the *Back to Work Scheme*, whereby people on long-term illness and disability payments can retain those payments on a sliding scale for 3 years where they take up full-time employment in the open labour market (4 years where engaged in self-employment);
- the *Jobs Facilitator network*, which assists people to return to work, training and education by advising them of the options available, encouraging them to take up these options and providing supports, where necessary; and
- *exemptions from liability for employer and employee PRSI contributions*, in certain instances.

8.2.3 However, these measures operate within the context of the underlying conditions for entitlement to each of the relevant payment schemes. As currently structured, the income maintenance system generally requires people in this situation to be classified as being incapable of work or permanently incapable of work in order that they can qualify for benefit, in the first instance. On the other hand, the same system recognises the employment potential of many of these people by providing a range of employment supports to encourage them to retrain or re-enter the workforce. A clear tension arises therefore, between the underlying qualifying criteria for illness and disability payments, which require the claimant to be incapable of work and the employment support measures which are designed to encourage the very same people, who have been assessed as having no work potential, to take up employment.

Additional Costs of Disability

8.2.4 Another significant issue in the provision of employment supports for people with disabilities relates to the question of meeting the additional costs of disability. During consultations, it was highlighted to the Working Group that for some people with disabilities, certain secondary benefits are of vital importance. These would include the medical card under which a range of disability specific costs are catered for, including technical aids and appliances, long-term medicines and medical supplies; the various transport subsidies, including the mobility allowance, the motorised transport grant scheme and the free travel pass⁸³; and the Blind Welfare Allowance scheme. The Working Group noted that when a person with a disability or long-term illness takes up employment, the earnings from that employment will replace the income from the primary social welfare payment. However, the additional costs associated with the disability continue, whether or not a person is in employment or claiming a social welfare payment. Therefore, the loss of these secondary benefits, which can go some way towards meeting the additional costs of disability, can act as a significant disincentive to taking up employment.

8.2.5 As outlined in Chapter 1, section 1.7, the Working Group considers that the additional costs of disability should be addressed separately to income maintenance needs and in a way that is less dependent on the person's financial or labour market status. This approach is in line with the

⁸² Under the Rules of Behaviour, a person is generally precluded from carrying out any work while in receipt of contributory illness and disability payments. However, with the prior approval of the Department, a person may be exempted from the operation of these Rules so as to engage in employment or training which is considered to be rehabilitative or therapeutic. Certain other types of employment are also exempted, such as light work which is not normally remunerated and charitable work.

⁸³ See paragraphs 8.3.24 to 8.3.32 below.

views of the Commission on the Status of People with Disabilities. The complex issues involved in addressing how best to meet the additional costs of disability are being examined by a PPF Group, which is being chaired by the Department of Health and Children, on the feasibility of a Cost of Disability Payment.⁸⁴ *The Working Group on the Illness and Disability Payment schemes welcomes this examination and stresses the importance of meeting the costs of disability in a way that is less dependent on labour force status, if people with disabilities are to be given an opportunity to participate in the workforce.*

8.3 Problems with Existing Range of Social Welfare Supports

8.3.1 The Working Group identified a number of problems associated with the current arrangements, including -

- Difficulties involved in reconciling the underlying qualifying criteria, which require claimants to be incapable of work, with the fact that they may have some employment potential;
- The lack of any structure for identification of clients who would benefit from employment or training supports and for their referral to suitable options;
- The appropriateness and effectiveness of the current range of employment supports;
- Disincentives for some people in maximising their employment and earnings potential arising from the operation of income disregards;
- Difficulties with the meaning of rehabilitative or therapeutic work;
- Lack of early intervention measures;
- The potential disincentive effects of the loss of the “Free” schemes on the decision of people with disabilities to take up employment.

Qualifying Criteria

8.3.2 As indicated in paragraph 8.2.3 above, the current qualifying criteria for illness and disability payments generally operate on an “all or nothing” basis, i.e. claimants are either deemed to be incapable of working and qualify for full benefit or they are deemed to be capable of some or all work, in which case no benefit is paid. This is now regarded as an inadequate approach. Disability is no longer necessarily equated with incapacity for work. In between these two extremes are very many people who, because of illness or disability, are either partially capable of work or incapable of some work only. For instance, they may be capable of temporary employment, part-time employment, occasional work, job-sharing, self-employment, whether in a sheltered/supported setting or otherwise. In addition, a person’s capacity for work may change over time, depending on different factors, including their health, social circumstances etc.

8.3.3 *In principle therefore, the Working Group considers that there should be a range of options/schemes available to fit the different situations of people with disabilities and people who are ill, e.g. those capable of some work, capable of part-time work, in need of rehabilitation/retraining etc. This would represent a considerable easing of the existing qualification criteria and would pose control problems unless it was possible to ensure that individual clients were on the most appropriate scheme. For example, a person who, with suitable training/retraining etc., would be capable of eventually returning to work, should be encouraged to avail of such training, rather than being supported indefinitely in part-time work. More detail on this approach is set out in Chapter 9.*

⁸⁴ See also Chapter 6, section 6.6.

Identification of Employment Potential and Referral, Engagement etc.

- 8.3.4** A second problem is that there is no systematic referral of clients to the social welfare employment supports that exist. For instance, there is little active promotion among the relevant claimant population of the various employment support measures available from DSFA. In the main, it is left to individual claimants to find out for themselves about these opportunities, the implications for their own entitlements and for those of family members and carers and what follow-up options are available etc. Apart from the Back to Work Allowance, where people avail of employment supports there is no ongoing engagement to see if the support is effective or what potential difficulties are being encountered. Neither is there any engagement with the claimant on completion or cessation of the employment support measures to see whether it has been successful or if the person is in a position to progress further.
- 8.3.5** It should also be noted in this context that the information currently collected on individual claims is insufficient to trigger such referral. For example, a person who applies for DB is assessed on the basis of their current capacity for work. Depending on the duration of the illness, this may be based on their capacity to do their existing job or for all work. The assessment does not look at future employment potential. Nor is there any link between the assessment of current incapacity and the availability of work or employment supports.
- 8.3.6** The Working Group is not, of course, suggesting that all recipients of illness/disability payments could or should avail of employment supports. Many short-term claimants have jobs to return to once they have recovered from their illness. Other claimants, through reasons of age, ill health etc. might not be in a position to return to work. Others may lack suitable work opportunities in their locality or may not be able to avail of them for practical reasons, such as lack of accessible transport. While recognising that many people will not be suited to return to work, it should also be clear that the current situation, by not facilitating the return of all potential claimants to the workforce, is not in the best interests of –
- (a) claimants themselves, to the extent that it does not meet the needs of those people who, given the appropriate supports, might be able to achieve a greater degree of independence, and
 - (b) the Department, in that it may be supporting over-reliance on social welfare payments by people who, if given the proper supports, might not be fully dependent on social welfare.
- 8.3.7** The Working Group was not able to quantify either of the above, given the lack of data on the number of people on illness/disability payments who would be capable of some work, if given the appropriate support, or on the availability of suitable work etc. In these circumstances, we cannot say to what extent (if any) the low level of take-up of the employment support measures, as instanced in paragraphs 8.3.8 to 8.3.13 below, is due to lack of information/referral, or due to other reasons. Notwithstanding this, *given the potential gains (both to individual claimants and to the Department) we believe that this area should be explored further, via a pilot project which would be able to assess, in a more concrete way than we have been able to do, the value of this approach, including the additional resources and potential savings involved.* Further details on this are set out in Chapter 9.

Effectiveness of Current Range of Employment Supports

8.3.8 As much of the data that would be required to fully assess the effectiveness of employment supports is not available⁸⁵, the Group used two indicators to get an idea of the effectiveness of the current social welfare employment supports -

- (a) the number of people availing of the supports, and
- (b) the outcomes, in terms of employment status, after having availed of the support measure.

While neither of these are perfect measures, in the absence of any better data they can cast some light on the situation. In interpreting these figures however, it must be remembered that there are other factors, including the attitudes of employers, the availability of suitable transport etc., that can have a significant impact on the decision by people who are sick and disabled to take up or remain in work.

8.3.9 It is possible to get some indication of the suitability of the employment supports available by the level of take-up. For instance, it is reasonable to assume that a measure which is suited to peoples needs, and which is perceived as being of value to claimants, would have a higher take-up rate than one that is not. The number of people availing of the various employment and training supports in 2002 was about 10% of the total number on illness/ disability payments. The following table gives a breakdown of the numbers of people availing of such supports as between the different schemes.

Table 8.1: Numbers on Illness/Disability Payments Availing of Different Employment Supports

Measure	Numbers Availing	Potential Numbers Eligible	Numbers Availing as % of those Eligible
Back To Work Allowance			
• Disability Benefit	116	13,871	0.8%
• Invalidity Pension	470	52,147	0.9%
• Unemployability Supplement	19	905	2.1%
• Disability Allowance	645	62,783	1%
• Blind Person's Pension	13	2,095	0.6%
<i>Overall</i>	<i>(1,263)</i>	<i>(131,801)</i>	<i>(1%)</i>
Rehabilitative Earnings Disregard for DA and BPP purposes -			
• For CE	1,489	64,878	2.3%
• For mainstream employment	156	64,878	0.2%
• For sheltered occupational services	8,000*	64,878	12.3%
<i>Overall</i>	<i>(9,645)</i>		<i>(14.9%)</i>
Disregard for DA and BPP purposes -			
• For FÁS training	1,072	64,878	1.7%
• For Specialist training	171	64,878	0.3%
<i>Overall</i>	<i>(1,243)</i>		<i>(1.9%)</i>
Exemption from Rules of Behaviour⁸⁶			
• Disability and Injury Benefits	1,500*	55,822	2.7%
• Unemployability Supplement	21	905	2.3%
• Invalidity Pension	2,909	52,147	5.6%
<i>Overall</i>	<i>(4,430)</i>	<i>(108,874)</i>	<i>(4.1%)</i>

*Estimated

⁸⁵ This data would include the number of recipients of illness and disability payments who have employment potential, the number who would wish to work, the number who ever availed of employment supports etc.

⁸⁶ The exemptions from the Rules of Behaviour cover work of a rehabilitative or therapeutic nature, including participation on CE programmes, as well as participation in FÁS training programmes.

- 8.3.10** In examining the outcomes of availing of these employment supports, the Working Group noted that information on those availing of the various employment supports is not systematically recorded by the Department of Social and Family Affairs, and even in cases where information exists, in many instances it is only available on a very limited basis. In the circumstances, a series of sample surveys were undertaken to examine the outcomes of participation on the various employment support measures in terms of progression to employment. Apart from the DB survey, it was not possible to compare the other participants of the supports with a control sample, to get an accurate picture of the real effects of the various employment support measures.
- 8.3.11** *In the circumstances, the Working Group is recommending that proper statistical information be systematically recorded on those availing of the various social welfare employment and training support measures, focussing, in particular, on outcomes and distinguishing between the different supports availed of, e.g. CE, FÁS training etc.*

Results of Sample Surveys

- 8.3.12** The results of the surveys into the outcomes of participation on the various employment support measures should therefore, be seen as being purely indicative. The results suggest that –

- **The Back to Work Allowance (BTWA) scheme has the most positive outcomes in terms of progression to employment.⁸⁷ However, only limited numbers of people with disabilities are currently availing of this scheme.**

Of those surveyed who had completed or exited the BTWA scheme:

- 65% had remained in employment;
- 10% had returned to illness/disability payments;
- 18% had moved onto unemployment payments;

Of all of those surveyed (including those who were still participating on the BTWA scheme):

- 80% had either remained in employment or were still participating on the BTWA scheme;
- People with physical disabilities/injuries represent the biggest group of participants, at 50%, with the next biggest grouping being people with mental health disabilities, including depression/anxiety, at 16%;
- People with intellectual disabilities only accounted for 7% of participants; this may suggest that this scheme was not particularly suited to the needs of this group.⁸⁸

⁸⁷ The operation of the BTWA scheme for people with disabilities is still in its early stages. As the initial take up of the scheme was low, very many of those sampled (during the period 1997 to 1999) were still participating on the scheme (over 40%). In addition, it has been suggested that the loss of secondary benefits can have a significant impact on people with disabilities. If this is the case, then the loss of such benefits would only begin to affect the initial group of BTWA participants subsequent to the completion of the sample survey and the outcomes outlined above will not reflect this aspect.

⁸⁸ These findings are in line with data available from several EU countries which shows that people with mental health disabilities, learning disabilities or psychological impairments are less likely to be found in employment than are people with physical disabilities. See for example, EIM Business and Policy Research, *The Employment Situation of People with Disabilities in the European Union* (Belgium: European Commission Directorate-General for Employment and Social Affairs, 2001), 10.

■ **Availing of the exemptions from the Rules of Behaviour for Disability Benefit had the next most positive employment progression outcomes.**

Of those surveyed:

- Over 24% had progressed to employment, while a further 12% had been in employment since availing of the exemption but were now back on DB, *but see footnote below*⁸⁹;
- Some 52% had returned to illness/disability payments (26% moving onto Invalidity Pension);
- The average duration on DB before the exemption started was 12 months, but the majority of cases surveyed had been on DB for less than 1 year;
- Relatively high numbers had availed of the exemptions at a very early stage of the DB claim, e.g. 22% had availed of the exemptions within the first 3 months of the claim commencing.⁹⁰

■ **Availing of the exemptions from the Rules of Behaviour for Invalidity Pension purposes has little positive effect in terms of progression to employment.**

Of those surveyed:

- A little over 5% had either moved into employment or were availing of the BTWA scheme. A further 1% were either found capable of working or had submitted final medical certificates;
- 36% were still claiming Invalidity Pension;
- Notably, over 55% were still availing of the exemptions, indicating that there are substantial numbers of Invalidity Pensioners who move from one exemption to another, without any progression to employment in the open labour market.

Overall Assessment of Effectiveness

8.3.13 It is clear from the above results that the existing range of employment support measures has had some success in getting some people on illness and disability payments back into the workforce. The following points are of particular note -

- The Back-to-Work Allowance has had the most success, as regards outcomes, but may not be suited to all people. Currently relatively small numbers are availing of it (less than 1% of claimants eligible) and these are concentrated amongst people with physical disabilities, as distinct from those with mental health disabilities or intellectual disabilities;
- It has also been highlighted that for some people, remaining on DA and availing of the rehabilitative earnings disregard may be more favourable in terms of increasing their long-term income;

⁸⁹ When compared with a control sample who had not availed of any exemptions, a **net** figure of 12% had progressed to employment with a further 6.5% having been in employment since availing of the exemption but were now back on DB.

⁹⁰ Following changes in the procedures for DB claimants availing of exemptions and also in the conditions for access to Community Employment programmes for this group, lower numbers of DB claimants would now be availing of the exemptions at such an early stage, as compared with the period of the sample survey – 1997 to 1998.

- Exemptions from the Rules of Behaviour are more successful for DB recipients than for Invalidity Pensioners. This presumably reflects the fact that Invalidity Pensioners would have more serious illnesses and disabilities than those on DB and would also be more distanced from the labour force;
- Among Invalidity Pensioners there appear to be substantial numbers who move from one exemption to another, without any progression to the open labour market.

Disincentives to Maximising Employment/Earnings Potential

8.3.14 The application of income disregards in the case of means-tested payments can act as a disincentive for some people with disabilities to maximise their employment or earnings potential. For instance, a weekly income disregard of €120 applies in the case of the DA and Blind Person's Pension schemes, where the claimant engages in rehabilitative employment or self-employment. This disregard was originally designed to enable those in sheltered occupational services and analogous situations to continue to receive a weekly "top-up" in addition to their social welfare payment without it affecting their entitlement. Therefore, the operation of this disregard is of benefit to DA recipients who are in sheltered occupational services and who generally receive small weekly top-ups ranging up to about €25.

8.3.15 However, where a person is working part-time in the open labour market or in analogous situations and the employment is classified as being rehabilitative in nature, the operation of the same income disregard can act as a disincentive to increasing the hours worked or the earnings received, as any income above the €120 limit will be deducted on a euro for euro basis. This conflicts with one of the underlying policy principles relating to incentives to work which was established by the Expert Working Group on the Integration of the Tax and Social Welfare Systems, i.e. that there must be a reward for working.⁹¹ *A solution to this problem would be to withdraw the payment on a graduated basis once the income exceeds the relevant income limit.* The Working Group examines a number of models for such an approach in Chapter 9.

Rehabilitative Employment

8.3.16 Reliance on classifying employment as being rehabilitative in nature is central to many of the employment incentives provided through the social welfare system for people who are ill and people with disabilities. However, there is no definition of what constitutes rehabilitation for employment purposes. Nor is "rehabilitative employment" a concept that is used or recognised internationally. As a consequence different types of employment are accepted as being rehabilitative for different schemes. For instance, in the case of the contributory DB and Invalidity Pension schemes, employment is generally regarded as being rehabilitative if it aims to achieve a specific outcome within a defined period of time. In the case of the means-tested Disability Allowance and Blind Person's Pension schemes, no time limit is applied to rehabilitative employment, nor is there a requirement for any specific outcome to be achieved.

8.3.17 Following the mainstreaming of the employment and training supports for people with disabilities in June 2000, "rehabilitative" employment and training supports are now regarded as being those provided through the health system, i.e. foundation or lifeskills training, day activation and sheltered occupational services. Most of the types of employment and training which are classified as being rehabilitative for social welfare purposes, particularly in the case of the contributory payments, do not fall into these categories. The same could be said of

⁹¹ Working Group on the Integration of the Tax and Social Welfare Systems, *Integrating Tax and Social Welfare: Report of the Expert Working Group on the Integration of the Tax and Social Welfare Systems* (Dublin: The Stationery Office, 1996), Executive Summary, iv.

Community Employment, which has been classified as being rehabilitative employment for the purposes of both the contributory and means-tested payment schemes.

8.3.18 Rehabilitation, of its nature, should be time bound and aimed at achieving a specific objective (e.g. re-integration into the labour market). The lack of any alternative support for occasional/part-time work etc. by people on illness and disability payments who are capable of limited work, but not capable of full-time work, has created pressure for the classification of various types of employment as “rehabilitative”.

8.3.19 *The Working Group believes that its proposals for the introduction of measures for the active case management of those identified as having employment potential and for targeting more effectively the existing supports at particular groups would avoid the need for reliance on inappropriate concepts such as “rehabilitative work or employment”.* Further details on these proposals are set out in Chapter 9.

Therapeutic Employment

8.3.20 While there is a more common understanding of what constitutes therapeutic employment, as is the case with rehabilitative employment, there is no definition in social welfare legislation of what constitutes therapy for employment purposes. In practice, no distinction is made between rehabilitative and therapeutic employment for social welfare purposes. Therefore, in the case of contributory illness and disability payments, where an exemption from the Rules of Behaviour is allowed for therapeutic purposes, the work involved is generally time bound in the same manner as rehabilitative employment. It would be expected that many types of therapeutic employment would, by their nature, be enduring and therefore, *the Working Group considers that the imposition of a time limit on exemptions for therapeutic employment would appear to be inappropriate.*

Lack of Early Intervention Measures

8.3.21 It is noted that a very high proportion of current DB recipients (48%⁹²) have been claiming benefit for more than 1 year. This indicates that many people drift from short-term to long-term illness. The available research indicates that early intervention measures have the best chance of success in terms of re-integrating people who sustain serious illnesses, injuries or disabilities back into the workforce.⁹³ Such measures would involve a range of interests acting together to provide practical support to enable employees to stay in work.⁹⁴ While very little definitive data is available on this area, the Working Group nevertheless considers that, *given the potential gains, this is an area that should be explored further by way of a pilot project, which would be able to assess, in a more concrete way, the benefits of early intervention measures.* Further details on this proposal are set out in Chapter 9.

8.3.22 Another area where the Working Group considers that early intervention measures could be of benefit is in the case of young people claiming DA. A number of potential difficulties associated with the payment of Disability Allowance from the age of 16 years have been highlighted to the Working Group, including –

- the potential impact of the payment of DA at 16 years on people’s decisions whether to remain at school until the completion of their formal education,

⁹² 26,061 out of a total of 54,590, as at 31 December, 2002.

⁹³ See, for example, Zimmerman, W., Riessner, S. and Shrey, D. (Eds.), *Strategies for Success: Disability Management in the Workplace* (Port Alberni: National Institute of Disability Management and Research, 1997).

⁹⁴ For instance, medical personnel, employers, FÁS, DSFA, relevant service providers etc.

- the possibility of creating a dependency on the social welfare system at such a young age, and
- the potential disincentives to progress to employment on the completion of formal education.

8.3.23 This is a complex area and the Working Group does not propose any change in the minimum age for payment of DA at this stage, as it would create a significant gap in the current range of supports for young people with disabilities. However, the Working Group noted that one of the specific actions outlined in the Department of Social and Family Affairs Strategy Statement, under the high level goal of the provision of supports to work, is to pilot specific employment initiatives for people with disabilities, initially people in the 16 to 25 age group who qualify for long-term disability payments. *The Working Group welcomes this initiative as a way of tackling some of the difficulties outlined above and would highlight the need for its early implementation.* These issues are dealt with in more detail in Chapter 15, section 15.3.

Potential Disincentive Effects of the Loss of the “Free” Schemes

8.3.24 Another area of particular importance in examining the potential disincentives to people with disabilities in taking up employment is the significance of the loss of secondary benefits in the decision to take up employment. The Working Group has already noted in paragraphs 8.2.4 and 8.2.5 above that consultations with representative groups have shown that for some people with disabilities, certain secondary benefits are of vital significance. In this regard, the Group stresses the importance of providing such supports in a way that is less reliant on the person’s labour force status.

8.3.25 During the consultations undertaken by the Working Group, the loss of the Free Travel Pass on taking up work was also identified by some groups as a disincentive to employment. The Free Travel Pass is one of a range of “Free” schemes which are available from DSFA to people on disability payments. In examining the potential implications of the loss of such benefits on taking up employment, the Working Group noted that the “Free” schemes were first introduced for old age pensioners and were later extended to people with disabilities under pension age. Old age pensioners normally have quite limited options for augmenting their “fixed” incomes or generating new sources of earnings. As a consequence, social welfare benefits are more likely to represent a more vital and core part of their long-term income than for other categories of recipients, such as the unemployed or lone parents. Accordingly, a range of additional benefits have, over the years, been introduced for old age pensioners to meet certain expenditures e.g. the Free Travel pass, Free Electricity Allowance, Free Television Licence etc. These additional benefits have subsequently been extended to recipients of disability payments regardless of their age (though not to any other categories of long-term social welfare recipients under 66 years of age).

8.3.26 The extension of the “Free” schemes to this category appears to have arisen from a view that people on disability payments were no longer part of the active workforce. This has had the effect of providing additional support to people on disability payments, some of whom have quite limited options for increasing their “fixed” incomes, as is the case with old age pensioners. However, it is also the case that the same set of additional supports can present potential problems for other people with disabilities who have some capacity for employment.

- 8.3.27** In order to establish the significance of the employment disincentive effects of the “Free” schemes on people on disability payments it would be necessary, in the first instance, to ascertain the numbers who have some employment potential. However, this information is not currently available and it has not been possible therefore, to determine the precise significance of the potential loss of the “Free” schemes on the choices that are made by people on disability payments as to whether or not they will avail of the various supports to take up employment and training opportunities.
- 8.3.28** In examining this issue there are clearly two distinct categories of people with disabilities. On the one hand, there are those who have either no employment potential or who, because of the nature of their disability, age and other social circumstances, do not wish to continue in the workforce. On the other hand, there are those who, though not capable of full employment, may nevertheless have varying degrees of employment capacity. As is highlighted in Chapter 9 in relation to the range of the employment supports available, *a “one size fits all” approach, whereby the same range of additional supports are made available to all people with disabilities, regardless of their circumstances, may not be the most suitable approach.*
- 8.3.29** A number of groups have previously recommended that the potential disincentives arising from the loss of the “Free” schemes on taking up employment could be mitigated if provision was made for such benefits to be retained, even on a sliding scale, where the primary social welfare payment has been withdrawn. However, such a proposal raises the question of the purpose of the continued payment of the “Free” schemes in these circumstances. For example, it has been suggested that the continued provision of the Free Travel pass would make a contribution towards the additional costs of disability, which arise regardless of the labour force status of the person with a disability. Due to continued problems with the accessibility of the public transport system, it has also been highlighted to the Working Group that the Free Travel pass can be of little benefit to those people with disabilities who have significant mobility impairments, i.e. those who are likely to incur significant additional transport costs arising from their disabilities. Instead, people with disabilities who do not have mobility impairments are best placed to benefit from the Free Travel pass. Therefore, if a person with a disability, other than a mobility impairment, gets employment, then it is difficult to justify the continued need for the Free Travel pass in these circumstances, as that person will not have any extra transport needs over and above the population generally. Similar arguments arise in the case of the continuation of the other “Free” schemes.
- 8.3.30** An additional factor to be considered in any proposal for the retention of the “Free” schemes is the possible “pull” factor which may result in higher numbers claiming disability payments. For instance, there are many people in poor health who alternate between periods of employment and spells on DB. The provision of support towards the costs of disability through the retention of the “Free” schemes by people on disability payments who take up employment could, for instance, create an incentive for people in poor health to remain on DB long enough to qualify for Invalidity Pension and the “Free” schemes, even though they may be capable of returning to work at an earlier stage. An added complication is that by remaining on DB for longer than is necessary in order to qualify for Invalidity Pension, people may, in fact, lessen their chances of eventually returning to work.

8.3.31 Finally, it needs to be borne in mind that, because of the nature of the disabilities involved, people with employment potential will, in many cases, be likely to have a limited capacity for work, e.g. part-time employment, temporary employment, occasional work, job-sharing etc. It would be difficult for people in these circumstances to achieve the same level of income support available from the combination of the disability payment and the additional benefits available, including the “Free” schemes, as compared with the level of income available from such employment.

8.3.32 In all of the circumstances therefore, *the Working Group considers that any examination of possible mechanisms for overcoming the potential disincentive effects posed by the loss of the additional benefits, such as the “Free” schemes, by people with disabilities on taking up employment should also encompass an examination of the appropriateness of the provision of these benefits to this group, in the first instance.*

8.4 Conclusions

8.4.1 While the current range of employment and training support measures has had some success in getting some people with disabilities and long-term illness back into the workforce, the Working Group notes that there are a number of significant problems with the operation of these supports –

- The range of supports is underdeveloped;
- There are generally very poor outcomes from availing of these supports, in terms of progression to employment;
- The current system does not recognise that some people’s medical and other circumstances may mean that they have some employment capacity, but may never achieve full-time employment. Accordingly, there is a need to adequately recognise the needs of those with partial (in)capacity.

8.4.2 Overall therefore, the Working Group considers that the employment supports for people with illnesses and disabilities need to be more systematic and effective, although it is recognised that many of the most intractable problems in this area are outside the remit of DSFA. A number of options for addressing these difficulties are examined in Chapter 9.

8.4.3 In addition, the Working Group considers that additional costs of disability are better met in a way that is less dependant on the person’s labour force status than through increasing basic payment levels or linking support to receipt of a primary social welfare payment.

Part 4

Improving Effectiveness

Chapter

9 STRENGTHENING EMPLOYMENT SUPPORT ACTIVITIES

9.1 Part 4 – Improving Effectiveness

Part 3 (Chapters 6 to 8) examines how well the broad objectives of the illness and disability payments are being met, focussing on the Department's three high level goals of the provision of income support, the provision of supports to work and combating poverty and promoting social inclusion. The Working Group concludes, *inter alia*, that there is significant scope for rationalisation of the present system to make it simpler and more consistent. In Part 4 we consider how the income support and support to work objectives might be better achieved through –

- Strengthening the employment support activities (Chapter 9);
- Simplification of systems (Chapters 10 to 12); and
- Improving their comprehensiveness and consistency (Chapters 13 to 15).

Part 4 also includes an assessment of whether or not alternative approaches to the delivery of income support could improve the effectiveness of their operation (Chapter 16).

9.2 Future Development of Employment Support Measures

Introduction

9.2.1 In Chapter 8 we examined the extent to which the employment support objectives of the illness and disability payment schemes are being met and concluded that, while the range of employment and training supports available from DSFA has had some success in getting some people with disabilities and long-term illnesses back into the workforce, there are nevertheless, a number of significant problems with the operation of these supports. For instance, the range of supports available is underdeveloped and there are generally very poor outcomes from availing of these supports, in terms of progression to employment. In addition –

- There is no provision for partial (in)capacity for work - the system generally operates on an all-or-nothing basis;
- There is no meaningful assessment of employment potential;
- There is little active engagement with those who have such potential and there is no follow-up on completion or cessation of the employment support measure.

9.2.2 In this Chapter we undertake a more specific examination of the options for the future development of the system, in the light of the general principles and policy directions suggested in the analysis in Chapter 8. However, it is important to bear in mind that many of the most intractable problems faced by people with disabilities in accessing employment are outside the remit of this review, e.g. employer attitudes, access issues including accessible public transport etc. In the circumstances, the Working Group considered it important that any solutions adopted should be framed within the context of current developments being undertaken by other Departments/Agencies working in this area.⁹⁵

⁹⁵ For example, the Review of Sheltered Employment, including the Employment Support Scheme, being undertaken by the Department of Enterprise, Trade and Employment, the Review of the National Supported Employment Programme being undertaken by FÁS and the development of a Code of Practice for Sheltered Occupational Services being undertaken by the Department of Health and Children.

9.2.3 The problems relating to the employment and training of people with disabilities have also been highlighted in a number of recent reports and documents⁹⁶ and the key themes emerging are for –

- the mainstreaming of employment/training supports for people with disabilities;
- an increased emphasis on people with disabilities participating in vocational employment and progression to employment options in the open labour market;
- the removal of disincentives for people with disabilities in taking up employment and training opportunities.

Ways Forward

9.2.4 Bearing in mind the diverse needs of this group, *the Working Group does not believe that there is any one single solution that is capable of addressing all of the problems identified above, but that the way forward is through a combination of measures. These measures should include –*

- *A recognition of the fact that some people's medical and other circumstances⁹⁷ may mean that they have some capacity for work, but may never achieve full-time work*

We envisage this being done by the introduction of a new payment for this contingency. A number of options for this are set out in section 9.3 below.

- *Ensuring that whatever employment support measures are adopted do not act as a disincentive to people with disabilities and long-term illness in maximising their employment and earnings potential*

While this principle is applicable to all of the measures being considered, a number of specific options regarding disincentives to maximising employment and earnings potential are discussed in section 9.4 below.

- *Retaining a range of employment supports for different client groups, and ensuring that clients are referred to the most suitable option, having regard to the nature of their illness/disability, age and social circumstances etc.*

This would represent a major change in how the Department administers claims from this group. The main options being considered are set out in sections 9.5 and 9.6 below.

- *The introduction of early intervention measures which are aimed at re-integrating people who sustain serious illnesses, injuries and disabilities back into the workforce, before they become long-term dependent on social welfare payments*

This would involve a range of interests, including medical personnel, employers, FÁS, DSFA and relevant service providers, acting together to provide practical support to enable employees to remain in work. The options being considered are set out in paragraphs 9.6.3 and 9.6.4 below.

⁹⁶ For example, the Programme for Prosperity and Fairness; *Sustaining Progress: Social Partnership Agreement 2003-2005*; *Building an Inclusive Society: Review of the National Anti Poverty Strategy under the PPF*; *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities*; and *Report of the Working Group on the Development of a Code of Practice for Sheltered Occupational Services*.

⁹⁷ For instance, age, education, work experience, availability of transport etc.

- 9.2.5** The Working Group considers that if all of the above measures were implemented, then there would no longer be a need to continue to designate certain forms of work as being “rehabilitative” in nature. While more details on the options for each of these elements are set out below, the Working Group would stress that all of the different elements being proposed are inter-linked.

9.3 Options for People with Partial Capacity for Work

- 9.3.1** The following options are designed to address the current lack of specific support for those with a partial capacity for work. The **first option** would be the introduction of a *partial capacity (or incapacity) benefit* on the lines operated in a number of other countries. Two approaches to such a benefit have been identified when examining the systems operating in EU Member States, both of which recognise a partial working capacity –

1. Classification according to the reduction in employment capacity. Under this approach, a minimum level of incapacity for work is set for the purposes of qualifying for benefit (e.g. 25% in Sweden, 50% in Austria);
2. Classification according to the reduction in earnings capacity arising from the illness / disability. Under this approach, the reduction in earnings capacity may be related to the previous job, commensurate work or acceptable alternative work (e.g. 33% in Portugal).

- 9.3.2** Both of these approaches (degree of incapacity and reduction in earnings) place claimants at a certain point on a recognised spectrum of disability. The position the claimant occupies determines his or her eligibility for benefit. However, there is arguably less latitude within the Irish social welfare system for equating the degree of incapacity or earnings reduction to the level of benefit, as it operates on the basis of flat-rate benefits, as opposed to earnings-related benefits. The level of reduced benefit which would be payable if such a system were to be introduced in this country may not therefore, be adequate to replace the earnings reduction, i.e. the combination of reduced partial benefit and reduced earnings may not be sufficient to provide an incentive to remain in or re-enter the workforce. In addition, for those who cannot obtain employment, partial unemployment payments would also be required (see paragraph 9.3.6 below).

- 9.3.3** A **second option** examined by the Working Group in this area is for the separation of the employment support measures, which are, in the main, integrated within the illness and disability payment schemes, into a distinct payment scheme. For example, the operation of the exemptions from the Rules of Behaviour for the contributory payments would be replaced by a new “*rehabilitation*” *benefit* scheme. This would then make it clear to those availing of this support that the aim of the payment is to progress them to a stage where they are in a position to access employment in the open labour market, whether on a full-time or part-time basis or otherwise. As this payment would be focussed on rehabilitation, it would be time-limited.⁹⁸

- 9.3.4** The **third option** would be the introduction of a separate “*in work*” *wage supplement* for those who are able to access employment, including employment in the open labour market, on CE programmes and in other analogous situations. As in the case of the option for a rehabilitation benefit outlined in paragraph 9.3.3 above, the operation of the exemptions from the Rules of Behaviour for the contributory payments would be replaced by the new “*in work*” wage supplement. This payment would operate on broadly similar lines to the Family Income Supplement scheme, except that it would not be restricted to those with families alone. This option is examined in more detail in paragraphs 9.4.4 to 9.4.10 below.

⁹⁸ See paragraphs 8.3.16 to 8.3.19.

- 9.3.5** The **final option** examined is *the adaptation of the qualifying criteria for all disability payments along the lines of those applying under the DA scheme*, i.e. that claimants would be required to have a disability which restricts them in undertaking work which would otherwise be suitable for a person of their age, experience and qualifications. It is argued that the use of such qualifying criteria, which tie in with the recommendations of the Commission on the Status of People with Disabilities in this area, would more accurately reflect the circumstances and aspirations of people with disabilities in relation to their potential for employment by recognising their abilities as well as disabilities.

Advantages and Disadvantages of Proposals

- 9.3.6** All of the above proposals would avoid the tensions which arise under the current arrangements, where a person is allowed to work, after having been assessed as being incapable of work. These options would also replace the operation of the exemptions from the Rules of Behaviour for the contributory payments. However, as the proposed *rehabilitation benefit* would, in effect replace the DB or Invalidity Pension payable, it would not be possible to cater for the needs of people with different employment capacity, i.e. the same level of support would be provided regardless of whether the person was working part-time or full-time. In addition, where a person is only able to work episodically or where their health deteriorates, the *rehabilitation benefit* and *“in work” wage supplement* schemes would involve people having to transfer back and forth between the rehabilitation/in work benefit and the primary payment scheme. A *partial capacity benefit* would avoid this problem as it would continue to be paid, regardless of the claimant’s employment status. But such a payment could also necessitate having to introduce a partial unemployment payment scheme to ensure an adequate income for sick and disabled people with partial capacity, but who cannot obtain employment.
- 9.3.7** The level of income arising from a combination of the *rehabilitative benefit* (payable at the full rate of the appropriate disability/illness payment) and earnings from employment could also act as a disincentive to progressing to the open labour market. This problem could be resolved through the introduction of an income limit. The proposal for *the adaptation of the qualifying criteria for all disability payments along the lines of those applying under the DA scheme* would similarly require the introduction of some form of income limit which would apply to earnings from employment. However, there are a number of difficulties associated with the introduction of such income limits, as outlined in paragraphs 9.4.1 to 9.4.3 below.
- 9.3.8** The options for a *partial capacity benefit*, an *“in work” wage supplement* and *the adaptation of the qualifying criteria for all disability payments along the lines applying under the DA scheme*, under which support is provided on an ongoing basis, could all potentially lead to conflicts with the operation of the Back to Work Allowance, which is a time limited support. However, these potential conflicts could be resolved by the more targeted approaches, more meaningful assessment procedures and case management approaches being proposed in sections 9.5 and 9.6 below.

9.4 Application of Standard Income Limit to Earnings from Exempted Employment

- 9.4.1** Under this option a *standard income limit* would apply to earnings from all forms of accepted employments. The main effect of this proposal would be to limit the amount of earnings allowed for the purposes of the exemptions from the Rules of Behaviour for contributory payment purposes⁹⁹ and under the proposed *rehabilitation benefit* as outlined in paragraph 9.3.3. This income limit would be set at the same level as the rehabilitative earnings disregard used for DA purposes (currently €120 a week). As the income limit would in effect act as a control mechanism, there would no longer be any need to limit the types of employment allowed to rehabilitative, therapeutic employment etc. Accordingly, all forms of employment could be allowed, subject to the standard income limit.

Advantages and Disadvantages of Proposals

- 9.4.2** This proposal avoids claimants having to transfer from one benefit to another, where they can only work episodically etc. In addition, it would resolve the difficulties associated with trying to define what constitutes rehabilitative employment etc. There would however, be a number of disadvantages involved. For instance, the difficulties in trying to reconcile the underlying qualifying criteria relating to incapacity for work with the fact that the claimants are working would not be resolved. The introduction of an income limit for the contributory payments would also mean that where the earnings from employment exceeded the limit, benefit would no longer be paid. This would lead to a situation where those on contributory payments would be treated less favourably than those on means-tested payments, as payment of DA would continue, but at a reduced rate, where the earnings exceed the income limit.
- 9.4.3** Another difficulty with this proposal is that it would act as a disincentive to maximising employment and earnings potential, as there would be no incentive to increase earnings above the income limit. This would apply equally to both contributory payments and to means-tested payments. For instance, those on contributory payments would lose entitlement to benefit where the earnings exceeded the income limit, while those on means-tested payments would have their payments reduced on a euro for euro basis. This difficulty could be overcome by providing that the payment would be reduced on a more gradual basis where the earnings exceeded the income limit, e.g. by 50 cent for each €1 above the limit. However, such a system would be problematic in the case of social insurance payments, as it would introduce a considerable element of means testing into the contributory payments system. Such difficulties could be overcome by the “in work” wage supplement being proposed.

“In Work” Wage Supplement

- 9.4.4** Under this option the various employment supports which are currently integrated within the illness and disability payment schemes would be separated out and a new “*in work*” *wage supplement* scheme would be introduced for people with disabilities who are able to undertake employment, whether on a part-time basis or otherwise. This would include employment in the open labour market, on CE programmes and in other analogous situations. This payment would operate on broadly similar lines to the Family Income Supplement (FIS) scheme, but would not

⁹⁹ This was previously the position when an income limit was applied in the case of earnings from rehabilitative and therapeutic employment. However, the operation of this limit was discontinued in the early 1990's.

be restricted to those with families alone. There are a number of possible models for such a payment, including-

- **The payment being modelled on Disability Allowance Scheme:** Under this model, the maximum payment would vary according to family circumstances, i.e. there would be a personal rate, with additional increases for dependants.
- **The payment being modelled on Family Income Supplement Scheme:** This payment would be designed so as to link in with the current FIS scheme for those with children. Accordingly, this payment would be confined to single people and couples without dependent children.

9.4.5 However, a number of important issues would first need to be addressed to ensure the effectiveness of such a payment –

- The payment would also have to be open to people with disabilities who have not previously been in receipt of a social welfare payment. Otherwise this could lead to a situation whereby people with disabilities who are in employment and whose earnings potential is reduced, e.g. through ill health etc., would first have to give up employment in order to claim disability payments before they could then become eligible to transfer onto the *“in work” wage supplement*;
- In order to avoid the potential for abuse, suitable eligibility criteria would have to be devised (possibly the same as those applying to the DA scheme) to cater for this group;
- The level of any income/earnings disregard applying to such a payment would need to be carefully considered to ensure that the payment provides an incentive to increase earnings and/or employment potential;
- People going on to such a payment who had previously been on a disability payment would need some guarantees regarding the right to return to their original disability payment if the employment did not succeed in the initial stages, otherwise there would be a potential disincentive to take up employment;
- Provision would also have to be made for the retention of the main secondary benefits, i.e. medical card, mobility allowance etc.;
- The qualifying criteria for the illness and disability payment schemes would need to be examined to see if they needed to be refocused to reflect the *“residual”* nature of such payments following the introduction of an *“in work” wage supplement*.

9.4.6 As previously indicated, there is no information currently available on the number of people with disabilities who have a capacity for employment. It has not been possible therefore, to estimate the potential numbers who could benefit from the introduction of an *“in work” wage supplement* or the costs involved. However, it is considered that the introduction of such a payment should lead to potential gains for people with disabilities and illnesses themselves, for society in general and also for the Exchequer. The *“in work” wage supplement* would provide an income support at a lower level than the maximum level of illness or disability payment, thereby leading to savings for the Social Insurance Fund and the Exchequer. But when the supplement is combined with earnings from employment, the claimant would be better-off financially and the Exchequer would gain through increased tax and PRSI contributions.

Advantages and Disadvantages of Proposals

9.4.7 An “*in work*” *wage supplement* offers a number of advantages. It would for example-

- give an incentive to maximise employment potential rather than maximising benefits;
- avoid the difficulties involved in trying to reconcile the qualifying criteria relating to incapacity for work with the fact that people may be working;
- avoid the difficulties of having to classify the employment as being “rehabilitative”, therapeutic or otherwise for the majority of claimants;
- free up administrative resources currently directed at exemption approval and monitoring;¹⁰⁰
- introduce equality of treatment between people on various types of disability payment who wish to engage in employment;
- make the employment support measures more transparent and understandable; and
- move the employment supports away from the medical model of disability.

9.4.8 However, such a payment would not redress all of the problems which have been highlighted.¹⁰¹ For instance, it would –

- lead to claimants having to transfer from one benefit to another, where they can only work episodically etc.;
- add to the existing conflicts which arise between the operation of the current rehabilitative earnings disregard for DA purposes (which can be enduring in nature) and the Back to Work Allowance scheme (under which support is limited to 3 or 4 years), as it would then mean that there would also be both an enduring and a time limited support available to recipients of contributory payments.

In addition, it could lead to a reduction in the overall level of income for many recipients of contributory illness and disability payments, including those who access CE programmes (i.e. the majority of those availing of the exemptions from the Rules of Behaviour). Although, these problems could be overcome by applying the new arrangements only to those taking up employment after a specified date. However, the payment of contributory illness and disability payments in full together with the CE allowance can itself create a disincentive to progression into the open labour market (see, for instance, paragraphs 8.3.12 and 8.3.13 in relation to lack of progression of Invalidity Pensioners to employment).

9.4.9 It should also be noted that an “*in work*” *wage supplement* would only be of benefit in situations where the person achieved a reasonable level of earnings from employment, even if these are low earnings. In the circumstances, such a payment would not seem to be appropriate to people in sheltered occupational services or analogous situations under the current funding arrangements, i.e. the continuation of the payment of DA, with a small top-up payment being made by some service providers. Some suitable mechanism would be needed to allow people to engage in such services while continuing to receive their disability payments. In this regard, the Working Group on the Development of a Code of Practice for Sheltered Occupational Services has drawn up a definition of what constitutes sheltered occupational services as part of its deliberations and this would be of benefit in the implementation of a possible “*in work*” *wage supplement scheme*. In addition, there may also be a need to allow for some forms of therapeutic employment while in receipt of disability payments, where the earnings from such employment are very low. This could, for instance, involve setting a minimum hours threshold for employment before it comes within the scope of the proposed “*in work*” *wage supplement*.

¹⁰⁰ While additional resources would be required to administer the new “in work” supplement scheme, this would be counterbalanced to a large extent by the savings in administration under the existing disability payment schemes.

¹⁰¹ See Chapter 8, paragraph 8.3.1.

9.4.10 As indicated above, an *“in work” wage supplement* scheme would not address all of the problems which have been identified. It would however, have many advantages over the current arrangements and also over any of the other options outlined in paragraphs 9.3.1 to 9.3.5 above. In the circumstances, the Working Group sees considerable merit in the introduction of such a scheme. In order to avoid the potential for abuse, such a payment would need to be tied into a suitable assessment procedure and case management structure, as outlined in section 9.5 below.

9.5 Assessment of Employment Potential, with Intensive Case Management

9.5.1 Under this option, two separate but inter-related measures are proposed. The first is the introduction of a *more meaningful assessment of employment potential* and the second is for the *active case management* of those identified as having such potential.

9.5.2 On the question of *assessing employment potential*, it is considered that the current centralised claims processing system for disability and illness payments and, in particular, applications to participate in employment and employment support measures, is too focussed on the medical aspects of the person’s illness or disability and not on their employment capabilities. Under this option therefore, an assessment procedure would be put in place at an early stage in the claim process in order to establish the person’s potential employment capabilities and to advise and direct them onto the most appropriate supports, where this is feasible.

9.5.3 There are a number of possible options for carrying out such assessments, including –

- Making better use of the Department of Social and Family Affairs’ medical review and assessment system;
- Adapting the application process for illness and disability payment schemes to better ascertain the claimant’s current and future employment potential;
- Linking assessment of employment potential in with any proposed Assessment of Needs procedure.¹⁰²

Subject to agreement on the principle of introducing a more meaningful test of employment potential, the Working Group considers that the types of options outlined above should be studied in more detail at implementation stage.

9.5.4 Once a person has been determined as having an employment potential, then the second element involved in this option would be initiated, i.e. the person would be assigned a *case manager* who would actively engage with them in helping to explore the possibilities for entering or re-integrating into the workforce. In addition to exploring the most suitable work and training opportunities available, the case manager would also be in a position to advise people of the financial implications for themselves and their families/carers of taking up such opportunities, including the guarantees for a return to benefit if the support measure does not work out. In this way an individual rehabilitation/re-integration plan would be agreed with specific targets/goals to be achieved. For example, the successful completion of a CE course could be followed by participation on the Back to Work Allowance, where the person with a disability or illness was able to secure a suitable full-time job.

¹⁰² For example, the Commission on the Status of People with Disabilities recommended the introduction of a nationwide needs assessment procedure.

- 9.5.5** The case management of claimants would have to be an ongoing process. For instance, many people with disabilities or illnesses who have an employment potential may not be in a position at the time of initial engagement with the case manager to avail of the supports due to their health status or other social circumstances. Similarly, they may have to drop out during the course of participation on the employment support measure due to ill health etc. In addition, some people may only be able to work episodically and this will present its own set of difficulties. To be effective therefore, the case management process should be capable of re-engaging with people who find themselves in this position, when their circumstances improve.
- 9.5.6** For such a case management process to work it would also be necessary to have a proper locally-based structure in place, rather than the current centrally-based process. The Working Group noted that the Jobs Facilitators attached to the Department of Social and Family Affairs are well placed to carry out such a role. However, while the recent re-focussing of the Back to Work scheme has meant that the Jobs Facilitators will, in future, be better able to undertake such a role, it is still the case that the numbers of Jobs Facilitators would have to be increased significantly in order to meet the additional demands imposed by such a case management system.
- 9.5.7** In the absence of data on the numbers of people with disabilities who have some capacity for work, given the right supports, or on the availability of suitable work, it has not been possible to analyse the full implications of such approaches. However, given the potential gains, the Working Group is recommending that such measures should be explored further through the establishment of a *pilot project* to assess the value of these approaches. In addition to identifying the potential benefits for people with disabilities in terms of moving from welfare dependency into employment, such a pilot study would also identify the extent to which additional resources would be required and any potential savings to the Exchequer. It would also complement the intensive case management initiative which is currently being piloted for people with disabilities and illnesses who have been in receipt of social welfare payments in the medium to long-term.¹⁰³
- 9.5.8** It is clear to the Working Group that the types of approaches being advocated in sections 9.5 and 9.6 would represent a major change in the way in which the Department currently administers claims for this group. In addition, the full range of employment support measures available to people with disabilities and illnesses is administered by or on behalf of a number of agencies, including FÁS, the Health Boards, as well as DSFA. Therefore, in order to be fully effective any proposed case management structure would need to also tie in with the FÁS, Local Employment Service and Health Board arrangements.

Advantages and Disadvantages of Proposals

- 9.5.9** Under this model, a person's employment capabilities would be determined at the initial stage of the claim, offering the possibility for early intervention measures, which has the best chance of success. The active engagement of claimants would enable appropriate supports to be targeted at those who are in a position to benefit from them.¹⁰⁴ In addition, potential problems and disincentives to participation on different employment support measures could be identified and addressed. The assessment procedures being proposed would move the employment supports away from the medical model of disability and would also address the potential control problems involved in providing employment supports for people on DB.

¹⁰³ A pilot project of 40 people in receipt of long-term disability payments is being undertaken in Cork to explore what career and training opportunities are available. It is providing a personalised coaching and support service for 12 months to enable people with disabilities to progress, where possible, towards employment and other opportunities.

¹⁰⁴ These types of approaches are in line with those being proposed in Department of Social and Family Affairs, *Promoting a Caring Society: Strategy Statement 2003-2005* (Dublin: Department of Social and Family Affairs, 2003), 31-32.

9.5.10 These measures would have a positive effect on people with disabilities and illnesses themselves and on society in general. Ultimately these measures would be of benefit to the Exchequer, in terms of lower expenditure on illness/disability payments and higher tax and PRSI returns. However, it is recognised that the case management process being proposed would involve considerable structural changes not just for the Department of Social and Family Affairs, but for the other agencies involved. It may also prove difficult to confine the operation of such a case management process to one group of social welfare recipients alone.

9.5.11 Finally, the introduction of such a case management system would involve significant additional administrative resources having to be directed at this group. Although it was noted that, in comparative terms, limited resources are currently targeted at managing those on disability and illness payments as opposed to those on unemployment payments.¹⁰⁵ However, as the proposed case management system would be confined to those who are in a position to activate, it would therefore, lead to better control of expenditure.

9.6 Matching Different Supports to Individual Needs

9.6.1 Another key issue for reform is to ensure that individuals are referred to the most appropriate employment support measure available having regard to their particular circumstances. People with disabilities are not a homogeneous group. For instance, a person's disability may be physical, intellectual or mental health in nature and the degree of that disability may vary greatly. Disability can arise at different stages of a person's life. A person with a disability may therefore, have little, if any, experience of work or, in some cases, may have extensive work experience. The limited evidence available on the effectiveness of the various employment supports suggests that certain measures are more beneficial to particular groups.¹⁰⁶ For example, the €120 rehabilitative earnings disregard under the DA scheme is of particular benefit to people with learning disabilities who are in sheltered occupational services and analogous situations. The Back to Work Allowance scheme, on the other hand, would appear to be of particular benefit to people with physical disabilities. Therefore, the current "one size fits all" approach, whereby the same range of supports is available to all people with disabilities, regardless of their circumstances, may not be the most suitable approach to adopt. This is an area which needs to be further explored in the light of more detailed information/data becoming available.

9.6.2 The long-term goal should be that the employment support measures would be operated in a more focussed manner. This would involve *targeting the existing support measures at particular groups*, e.g. using the Back to Work Allowance scheme instead of the exemptions from the Rules of Behaviour. However, in order for such a system of supports to operate effectively it would also be necessary to introduce a more structured assessment system, whereby an individual rehabilitation/re-integration plan would be drawn up, as outlined in section 9.5 above. This option would also involve engagement with other relevant agencies (FÁS, Health Boards etc.) where appropriate. For instance, many people with disabilities and long-term illnesses may be distanced from the labour force. Before vocational training and employment support measures could be undertaken, it may be necessary to undertake a range of capacity and confidence building measures, such as personal development, life management skills, stress management, social and communication skills, counselling etc.

¹⁰⁵ There were 172,850 people in receipt of illness and disability payments at the end of 2002 as compared with 137,980 on unemployment payments, while expenditure on illness/disability payments in 2002 amounted to €1,287m. as compared with €934m. for those on unemployment payments.

¹⁰⁶ See Chapter 8, paragraphs 8.3.8 to 8.3.13.

9.6.3 It is noted that a very high proportion of current DB recipients (48%¹⁰⁷) have been claiming benefit for more than 1 year. The available research indicates that *early intervention measures* have the best chance of success in terms of re-integrating people who sustain serious illnesses, injuries or disabilities back into the workforce.¹⁰⁸ Such measures would involve a range of interests, including medical personnel, employers, FÁS, DSFA and relevant service providers, acting together to provide practical support to enable employees to stay in work.¹⁰⁹ Early intervention measures can cover a variety of issues, but can be divided into –

- those that enable an individual to retain their existing job;
- those which encourage redeployment with the existing employer; and
- those which enable transition to alternative employment elsewhere.

The measures involved could include the provision of aids and adaptations, guidance and counselling, retraining, practical support (with transport for example) and mediation between individuals and employers. In view of the fact that a significant number of DB recipients become long-term ill and lose contact with the labour force, it is considered that there would be substantial merit in exploring the benefits of such early intervention measures for this group. Accordingly, it is recommended that a *pilot project* be established, involving the relevant interests, to assess the potential benefits of such measures in terms of re-integrating DB recipients back into the workforce, as compared with the existing arrangements. In addition to identifying the potential benefits for DB recipients and any possible savings to the Social Insurance Fund, such a pilot study would also identify any additional resources that would be required and the potential savings involved.

9.6.4 The Working Group also noted that the payment of DA from 16 years of age can be the cause of a number of difficulties for some people with disabilities in terms of their continuing in school to complete their formal education, creating a dependency on social welfare payments at such a young age and creating potential disincentives to move into employment having completed their education. A fifth of all new claims for DA come from people with disabilities aged 20 years and under, while 1/4 are for those aged 25 years and under. The complex issues involved in this area are examined in more detail in Chapter 15, section 15.3. However, the Working Group considered that this is another area where the benefits of *early intervention measures* should be explored. In this regard, the Working Group welcomes the proposal in the DSFA Strategy Statement to pilot specific employment initiatives for young people with disabilities in the 16 to 25 age group who are on long-term disability payments and would highlight the need for its early implementation.

Advantages and Disadvantages of Proposals

9.6.5 The adoption of a more individualised approach towards addressing the employment and training needs of the diverse group represented by people with disabilities and long-term illnesses would appear to offer better prospects of progression to employment, than the current “one size fits all” approach. However, the implementation of the measures outlined above, which could have positive benefits for both people with disabilities and illnesses and the Exchequer, would require significant additional resources to be devoted to this group than is currently the case.

¹⁰⁷ 26,061 out of a total of 54,590, as at 31 December, 2002.

¹⁰⁸ See, for example, Zimmerman, W., Riessner, S. and Shrey, D. (Eds.), *Strategies for Success: Disability Management in the Workplace* (Port Alberni: National Institute of Disability Management and Research, 1997).

¹⁰⁹ In this regard, FÁS has recently introduced an Employee Retention Grant Scheme which aims to encourage employers to retain employees who acquire an illness, condition or impairment which impacts on their ability to carry out their job. This scheme assists in maintaining the employability of employees who become long-term ill or disabled by providing funding to identify what accommodation needs to be made or training provided to enable them to remain in their current job or to retrain so that they can take up another position in the company.

9.6.6 The more targeted approach envisaged under these proposals could also resolve the potential conflicts in the operation of ongoing supports, such as the rehabilitative earnings disregard for DA purposes or the proposed “in work” wage supplement as compared with the operation of the Back to Work Allowance scheme, which is a time-limited support. It could also resolve the potential problems involved in trying to cater for the needs of people who have only been claiming DB for a short duration, but who, because of the nature of the illness/disability, are likely to drift into long-term illness. In addition, such an approach could ensure that the system is not open to abuse on a wide scale.¹¹⁰

9.7 Conclusions

9.7.1 In trying to address the problems which have been highlighted in this Chapter, the Working Group considered that none of the individual options which it examined offered the complete solution. Instead, a combination of the measures would appear to offer the best opportunity to make progress in this area, bearing in mind that many of the most intractable problems faced by people with disabilities in accessing employment are outside the scope of this review.

9.7.2 Having regard to the very limited statistical information available in this area, and to the consequential difficulties involved in trying to assess the effectiveness of any of its proposals, the Working Group nevertheless considers that the following combination of options would appear to offer significant advantages over the current arrangements -

- In the absence of a comprehensive Needs Assessment procedure for people with disabilities, the application process for receipt of illness and disability payments should be adapted so as to better ascertain information on the claimant’s current and future employment potential.
- Where people with disabilities and long-term illnesses have been assessed as having employment potential, there should be a more active engagement with them through the introduction of a locally-based case management procedure.
- Ideally such a system should involve the various agencies concerned, but in the interim the DSFA Jobs Facilitators are well placed to carry out such a role. However, due to the limited numbers of Jobs Facilitators currently available, the potential benefits of a case management procedure should be explored through the establishment of a pilot project.
- For DB recipients who are likely to drift into long-term illness, the possible benefits of early intervention measures should also be explored through the establishment of a pilot project which would assess the potential of such measures in terms of re-integration back into the workforce.
- Early intervention measures should also be introduced to cater for the potential difficulties involved in paying DA to young people with disabilities.
- Based on the experience of the operation of a case management process, the various employment support measures should be operated in a more targeted way, with existing supports being adapted where necessary and new supports being introduced to meet the needs of particular groups.

- Subject to the difficulties outlined in paragraphs 9.4.5 and 9.4.8 being satisfactorily resolved, a specific payment should be introduced in order to address the gap in provision for people with disabilities who only have a partial capacity for work. This payment would need to be tied into a suitable assessment procedure and case management structure and should be structured in such a way that it does not act as a disincentive to people in maximising their employment/earnings potential.

9.7.3 The Working Group recognises that the adoption of these measures may have some implications for the operation of the services being provided by a number of other agencies involved in this area, e.g. FÁS, Health Boards and service providers. Nevertheless, we are convinced that the types of approaches being suggested in this Chapter are necessary if people with disabilities and long-term illnesses are to have the opportunity of becoming more self-sufficient through availing of employment and training opportunities to their full potential.

Chapter

10 OVERLAP BETWEEN OCCUPATIONAL INJURY BENEFITS AND SOCIAL INSURANCE BENEFITS

10.1 Simplification

10.1.1 In this and the next 2 Chapters, we examine the scope for simplification within the current illness and disability payments system, with a view to eliminating unnecessary duplication. Simplification is also one of the key issues identified by both the Commission on Social Welfare and the Commission for the Status of People with Disabilities to be addressed in reforming the social welfare system.¹¹¹

10.1.2 This chapter focuses on the overlaps between the Occupational Injury Benefits (OIB) scheme and the general social insurance benefits system to see whether there is scope for simplification. The Working Group noted that while the OIB scheme offers a wider range of benefits for people who are injured at work, some of which are paid at higher rates, it nevertheless duplicates in large measure the existing social insurance payments system.

10.2 Background to Introduction of Occupational Injury Benefits Scheme

10.2.1 Details on the background to the introduction of the Occupational Injury Benefits scheme is set out in section 3 of Appendix II. Before the OIB scheme was introduced in 1967, the consequences of accidents at work were dealt with under the Workmen's Compensation Act, 1897. This Act was the subject of much criticism and a Commission was appointed in 1955 to examine and report on Workmen's Compensation and to consider its replacement by a social insurance scheme. However, this Commission was not able to reach agreement on recommendations for improvements. A majority recommended that the existing Workmen's Compensation scheme be maintained, subject to certain modifications. A minority recommended that the workmen's compensation scheme be abolished and replaced by a new Occupational Injuries Insurance scheme, which would be administered by the Department of Social Welfare and financed by weekly contributions payable by employers in respect of all insurable employees.¹¹²

10.2.2 The Government accepted the minority report and the Social Welfare (Occupational Injuries) Act, 1966 gave effect to the new Occupational Injury Benefits system. Under this Act, which came into operation in May 1967, a range of benefits were provided to cater for the various consequences of the employment injury, as follows–

- **Injury Benefit** in the case of interruption of earnings because of incapacity for work following the injury;

¹¹¹ Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986), 123-127 and Commission on the Status of People with Disabilities, *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities* (Dublin: The Stationery Office, 1996), 124-128.

¹¹² This proposed scheme was largely modelled on the Industrial Injuries scheme which had been in operation in Britain and Northern Ireland since 1946. The main difference was that the proposed OIB scheme was to be fully funded by employer contributions, whereas the UK system was financed on a tripartite basis, by employers, employees and the State, similar to other National Insurance benefits.

- **Disablement Benefit**¹¹³ in the case of residual loss of physical and mental faculty;
- **Death Benefit Pensions** in a fatal case; and
- **Medical Care** in the case of a morbid condition.

A more detailed description of the various elements of the Occupational Injury Benefits scheme is set out in section 3 of Appendix III.

10.2.3 While a single comprehensive social insurance system had been introduced in 1952 to replace the existing separate codes of National Health Insurance, Unemployment Insurance and Widow's and Orphan's Insurance, the Occupational Injury Benefits scheme, which was introduced in 1967, was established as a separate code of social insurance. This scheme was co-ordinated with the general social insurance system, but it was not fully integrated with it. Effectively it operated as a separate system, fully funded by employers, within the overall social insurance system.¹¹⁴

10.3 Need for Separate Provision for Occupational Accidents

10.3.1 The establishment of the OIB scheme introduced the notion of *occupational preference* into the social insurance system for the first time, i.e. the more favourable treatment given to victims of employment accidents and diseases over those disabled by other causes. This more favourable treatment applies not only in the case of the range of benefits available, but also in relation to the rates of payment and the qualifying conditions for entitlement to those benefits.¹¹⁵

Arguments in Favour of Occupational Preference

10.3.2 A number of arguments have been advanced in favour of separate and more generous provision for occupational injuries and diseases¹¹⁶, for example –

- The greater risks associated with particular types of work,
- Employees deserve more from their employers because they have been injured while acting under orders,
- The separate insurance of companies or occupations encourages employers to promote health and safety, and
- It is only if such special provision is made that employers' liability at common law for the consequences of occupational accidents can be restricted to the results of their negligence.

Arguments Against Occupational Preference

10.3.3 However, it has also been contended that the first 3 points set out above are questionable arguments when used to justify such preferential treatment.¹¹⁷ In the case of the first argument, it is claimed that this establishes a case for the payment of higher wages by way of danger

¹¹³ There are two supplements to Disablement Benefit – *Unemployability Supplement*, which is paid where a person is permanently incapable of work as a result of an occupational accident and does not qualify for Disability Benefit or Invalidity Pension, and *Constant Attendance Allowance*, which is paid where a person requires constant attendance as a result of the relevant loss of faculty.

¹¹⁴ This was in line with the second option for reform of the Workmen's Compensation system which was put forward in Department of Social Welfare, *White Paper Containing Government Proposals for Social Security* (Dublin: The Stationery Office, 1949), 23.

¹¹⁵ The notion of occupational preference had already existed under the Workmen's Compensation scheme.

¹¹⁶ See, for instance, International Labour Office, *Into the Twenty-First Century: The Development of Social Security* (Geneva: International Labour Office, 1984), 47 and Beveridge, William, *Social Insurance and Allied Services* (London: H.M.S.O., 1942), 39-41.

¹¹⁷ *Into the Twenty-First Century: The Development of Social Security*, 47 and Ogus, A.I., Barendt, E. M. and Wikeley, N.J., *The Law of Social Security*, Fourth Edition (London: Butterworths, 1995), 297.

money, rather than higher levels of compensation if the risk materialises. Furthermore, it confuses the source of the injury, i.e. the environmental condition of working, with its consequences. The fact that individuals may be subjected to a greater hazard at work than elsewhere does not mean that their needs will be greater if the risks materialise. If there is a case for discrimination between various groups of disabled people, then it is argued that it must be made according to the gravity of the consequences to the individual and their family, rather than the cause of the injury. It is also contended that the argument based on the need to pay more compensation to those encountering higher risks in special occupations would carry more force if there was evidence that wage rates were insufficiently high to attract workers to those jobs.

- 10.3.4** As regards the second argument, it has been contended that, negligence aside, it is difficult to see why higher compensation should be paid because of the fact that some workers might suffer injuries while accepting normal directions. In addition, the notion of working “under orders” is considered artificial and arbitrary. For instance, why should a risk arising from employment be treated differently from one generated by self-employment?
- 10.3.5** In the case of the third argument, it is argued that this aim could better be achieved through a tax being levied on firms according to their safety record, with the yield being paid into the general fund to finance all social security benefits. In this way, penalising bad risks would not necessarily be associated with the payment of higher benefits. Finally, in the case of the last argument, it was noted that, despite the operation of the OIB scheme, tort liability for employment injuries in Ireland has expanded rather than contracted over the years.
- 10.3.6** In addition to the arguments outlined above, a number of further considerations arise in relation to occupational preference. Firstly, it is argued that the line which has been drawn between injuries and diseases that are proved to be of occupational origin and those that are not (though the working situation may have contributed to them) is thin, contentious and can be hard for the public, and particularly people with disabilities, to understand. Secondly, the claim for occupational preference disregards the many dangerous hazards which affect everyone outside of work. In this regard, it has been argued that the working environment is not wholly distinct from the environment in which people spend the rest of their lives.
- 10.3.7** Another issue to be considered is the nature of industrial risks and whether these risks can be confined to workers alone. For example, a serious industrial accident may injure or kill non-workers living in or passing by the vicinity of the accident. People living well away from a plant may be injured by pollution produced by that plant. There is also the risk of a worker who is unwittingly contaminated at work infecting his family and other acquaintances. The question arises as to whether people in such situations should equally be entitled to the same compensatory measures as the workers in the company.
- 10.3.8** A strong case in favour of more uniform protection against the consequences of injury, regardless of where the injury occurred or the employment status of the victim, is the rapidly increasing risk of motor traffic accidents. In fact, this risk has already been partly recognised under the OIB scheme through the extension of cover in 1986 for accidents occurring while the worker commutes directly to and from work.

- 10.3.9** For all of these reasons, there is growing support for the view that it is the degree of disability and the losses caused by it which should lead to different levels of benefit rather than the cause of disability.¹¹⁸

Views of Relevant Commissions of Enquiry

- 10.3.10** The question of whether higher levels of benefit are justified under the OIB scheme has also been examined by the Commission on Social Welfare in 1986 and the Commission on the Status of People with Disabilities in 1996. The Commission on Social Welfare noted that the policy of providing higher benefits for incapacity originating from employment is questionable, partly because the distinction between injuries and diseases of occupational origin and those that are not can be very fine. However, the Commission accepted that, because of the element of compensation deriving from injuries sustained at work, there is a case for a separate OIB scheme. They further argued that as the scheme was funded entirely by employers and was administered on their behalf by DSFA, in that sense the scheme could be considered as being separate from the rest of the social welfare system. It was for these latter reasons that the Commission did not recommend any change in the OIB scheme.¹¹⁹
- 10.3.11** It is considered that the Commission's arguments have now been overtaken to a large extent by the abolition of the separate Occupational Injuries Fund in 1990 and the integration of the separate occupational injuries contribution into the general social insurance contribution in 1991. Occupational Injury Benefits are now funded on the same basis as social insurance payments generally.
- 10.3.12** The Commission on Social Welfare further noted that the wider issue of compensation at common law is also involved here and referred to the Report of the Commission of Inquiry on Safety, Health and Welfare at Work, which had recommended that, because of the complex issues involved, a major inquiry should be carried out in this area.¹²⁰ The Commission on Social Welfare agreed that such an inquiry be carried out and that it should address the central issues involved, i.e. whether employers' liability should be made compulsory or whether a no-fault system would be preferable to that of tort.
- 10.3.13** The Commission on the Status of People with Disabilities recognised that OIB payments, in theory, play a specific role in relation to health and safety at work and in relation to providing compensation to people injured in works accidents or suffering from occupational diseases.¹²¹ However, the Commission felt that the payment of higher levels of benefit to a person with a disability as a result of an occupational accident as compared to a person with a disability not linked to employment was questionable. Nevertheless the Commission recommended that no major changes should be made to the OIB scheme pending a review of the whole area of no-fault liability (as had been recommended by the Commission of Inquiry on Safety, Health and Welfare at Work in 1983 and by the Commission on Social Welfare in 1986). No such review has taken place to date nor is one planned at this time.

¹¹⁸ *Into the Twenty-First Century: The Development of Social Security*, 48.

¹¹⁹ *Report of the Commission on Social Welfare*, 348-349.

¹²⁰ *Commission of Inquiry on Safety, Health and Welfare at Work, Report of the Commission of Inquiry on Safety, Health and Welfare at Work* (Dublin: The Stationery Office, 1983), 168-169.

¹²¹ *Commission on the Status of People with Disabilities, Final Report of the Working Group on Income Support for the Commission on the Status of People with Disabilities* (Dublin: Commission on the Status of People with Disabilities, 1994), 23-24.

ILO Convention on Employment Injury Benefits

- 10.3.14** A further factor to be taken in to account in considering changes in this area is that, under the terms of the ILO Convention on Employment Injury Benefits, Ireland is obliged to provide a range of benefits catering for the consequences of occupational accidents, without imposing any contribution conditions or other rules relating to length of service on workers who are injured at work.¹²²

10.4 Views of Working Group on Need for Separate Provision for Occupational Accidents

- 10.4.1** The Working Group noted the arguments for and against the need to make separate provision for the consequences of occupational accidents. However, the Working Group also observed that the abolition of the separate Occupational Injuries Fund in 1990 and the integration of the separate Occupational Injuries contribution with the general social insurance contribution rates had, in many respects, undermined a number of the arguments for continuing to have separate treatment. Furthermore, the alignment of the Injury Benefit rates with the rates of Disability Benefit and Unemployability Supplement in 1992 means that there is now a large element of duplication of administrative effort in cases of incapacity for work as a result of an occupational accident, without any financial gains for the majority of claimants.
- 10.4.2** In the circumstances *the Working Group recommends that, in principle, where efficiencies can be achieved through the merger of OIB payments with corresponding social insurance payments, such mergers should be pursued.*

10.5 Elements of the OIB System Relevant to this Review

- 10.5.1** The Occupational Injury Benefits system comprises a range of payments to cover the various consequences of accidents at work, some of which are not paid to people who are themselves sick or disabled (e.g. Death Benefit Pensions, which are paid to widows, widowers etc. of people who die as a result of an accident at work or an occupational disease) and others which are not income maintenance in nature (e.g. Disablement Benefit, Constant Attendance Allowance and Medical Care). In Chapter 2 we have already identified that the elements of the OIB scheme that are of relevance to this review of the income maintenance payments for people who are ill and people with disabilities, are the Injury Benefit and Unemployability Supplement schemes. The Working Group nevertheless, recognised that many of the issues it examined as part of this review could also be of relevance to the other elements of the OIB system. These wider considerations would be best examined as part of a future more detailed review of the overall OIB system.

Injury Benefit

- 10.5.2** Injury Benefit is a weekly payment for people who are incapable of work due to an occupational accident or the contraction of a work-related disease. Approximately 16,400 people applied for this benefit during the year 2002, of whom some 11,900 (73%) qualified for payment. In the

¹²² International Labour Office Convention on Employment Injury Benefits, 1964 (C121) was ratified by Ireland in 1969.

region of 800 Injury Benefit claims were in payment in any one week. While the medical conditions for entitlement and the rates of payment are identical to those applying to DB, there are a number of differences, as follows –

- There is no minimum level of PRSI contributions required for Injury Benefit purposes;
- Subject to a 3 waiting day period Injury Benefit can be paid for the day on which the occupational injury occurs. For DB purposes, where a person works for any part of the day in which the incapacity occurs, payment is only made from the day after the incapacity starts;
- Injury Benefit can be paid beyond 66 years, while DB ceases at 66 years;
- Injury Benefit can be paid from 14 years, if the person is in insurable employment. The earliest DB can be paid is effectively 16 years and 9 months;
- Injury Benefit lasts for a maximum of 6 months, whereas DB can be paid up to 66 years, provided sufficient PRSI contributions have been paid.

Operation of Injury Benefit Scheme

10.5.3 In addition to the many similarities between the conditions of entitlement, the actual administration of the Injury Benefit scheme is closely linked to the administration of the Disability Benefit scheme. For instance, the initial application for both Injury Benefit and DB is made on the same claim form, which is submitted to the DB Section in the first instance. Where the claim form indicates that the incapacity has resulted from a work-related accident, the claim is then forwarded on to the Injury Benefit Section for processing.

10.5.4 In approximately 25% to 30% of cases (some 4,000 to 5,000 cases), based on the information provided in the initial claim form, Injury Benefit can be awarded straight away. In the balance of cases further information is required. Pending receipt of this information, the claimant's entitlement to DB is assessed. Where there is entitlement to DB, this payment (known as Interim DB) is awarded until a decision on the Injury Benefit claim is made. Approximately 75% of Injury Benefit claimants also have entitlement to DB and therefore, some 7,300 to 8,300 cases qualify for Interim DB, the administration of which is also handled by the Injury Benefit Section. Of these Interim DB cases, about 75% (6,000 cases) are eventually awarded Injury Benefit. As the rates of payment for Injury Benefit and DB are the same, no arrears/overpayments arise in these cases. However, in cases where Interim DB is paid at a reduced rate because average weekly earnings are below €88.88, arrears of Injury Benefit will be payable.¹²³ In a further 2,000 cases, where there is not sufficient information to award Injury Benefit at the initial claim stage and where these people do not qualify for Interim DB, Injury Benefit is eventually awarded following completion of the necessary investigations.¹²⁴

10.5.5 Expenditure on Interim DB is charged to the Injury Benefit heading. This means that in the cases where Interim DB is awarded and Injury Benefit is not subsequently awarded (some 1,300 to 2,300 cases), financial adjustments must be made to transfer this expenditure from the Injury Benefit heading to the DB heading.

10.5.6 The Injury Benefit Section also handles about 100 cases each year where the claimant is not entitled to Injury Benefit, but seeks a declaration from the Department that the injury resulted from an occupational accident. This declaration may then be used in the future in order to

¹²³ See Chapter 15, section 15.2 for further details on reduced rates of DB and Interim DB because of reduced earnings.

¹²⁴ Of these cases, about 25% or some 500 cases qualify for Supplementary Welfare Allowance pending payment of Injury Benefit.

establish entitlement to Occupational Injury Benefits if complications subsequently arise as a result of the accident.

Unemployability Supplement

10.5.7 Unemployability Supplement (US) is paid as an addition to Disablement Pension where a person is permanently incapable of working following an occupational accident or disease and is not entitled to either DB or Invalidity Pension. Out of approximately 11,600 Disablement Pensioners, some 905 (8%) are in receipt of US. The majority of recipients of Disablement Pension are however, covered for Disability Benefit and Invalidity Pension in the event that they remain incapable of working following the accident. There are in the region of 1,500 (13%) recipients of Disablement Pension who are also in receipt of DB or Invalidity Pension.

10.5.8 The main categories of people who qualify for US are –

- Permanent and pensionable public servants who are not insured for DB or Invalidity Pension purposes (60%),
- Those working for a relatively short time and who have not built up a sufficient level of PRSI contributions to qualify for DB etc. (20%), and
- Other cases, e.g. people entitled to DB at graduated rates (20%).

10.5.9 As the rates of payment are identical, the Unemployability Supplement scheme has tended to be compared with DB. However, in order to qualify for US a person must be permanently incapable of work. The purpose of the payment would therefore, appear to be closer to the Invalidity Pension (although the rates are different). Unlike recipients of DB, recipients of US are entitled to the full range of additional benefits available to Invalidity Pensioners, e.g. Free schemes, Christmas Bonus, Living Alone Allowance etc. In addition, like Invalidity Pension, US is paid beyond 66 years, while DB is only paid up to 66 years.

10.5.10 However, the definition of what constitutes “permanent incapacity for work” differs somewhat between the Unemployability Supplement and Invalidity Pension schemes. For US purposes, people are regarded as being permanently incapable of work if it is expected that they are likely to remain incapable of work for at least 6 months. In order to be regarded as being permanently incapable of work for Invalidity Pension purposes a person must have been incapable of work for at least one year and likely to remain so incapable for at least a further year. Where it can be shown that they are likely to remain incapable of work for life, Invalidity Pension may be paid to people who have been incapable of work for less than one year.

10.6 Possible Options for Achieving Efficiencies

10.6.1 Comparative tables highlighting the similarities and differences between the conditions for the Injury Benefit, Unemployability Supplement, Disability Benefit and Invalidity Pension schemes are set out in Tables 1 and 2 in Appendix III. It is clear that there are many similarities between Injury Benefit/Unemployability Supplement and the equivalent social insurance payments. It is also clear that there is considerable duplication involved in the administration of these

schemes. The Working Group therefore, considers that efficiencies could be achieved through the merger of the schemes and a number of options were examined as follows –

1. ***Abolish Injury Benefit***, i.e. by merging Injury Benefit with the Disability Benefit scheme;
2. ***Retain Injury Benefit*** but limit it to those injured at work who do not have sufficient PRSI contributions to qualify for DB, i.e. pay Disability Benefit to those with the required contributions, regardless of the cause of the incapacity and only pay Injury Benefit where there are insufficient contributions for DB purposes, or where the person is entitled to reduced rate DB because of reduced earnings;
3. ***Abolish Unemployability Supplement***, i.e. by merging Unemployability Supplement with the DB and Invalidity Pension schemes, as appropriate;
4. ***Retain Unemployability Supplement*** but limit it to those permanently incapable of work who do not have sufficient contributions to qualify for either DB or Invalidity Pension, i.e. pay DB or Invalidity Pension, as appropriate, to those with sufficient contributions, regardless of cause of permanent incapacity and only pay Unemployability Supplement where there are insufficient contributions, or where the person is entitled to reduced rate DB because of reduced earnings;
5. ***Retain Injury Benefit and Unemployability Supplement, but merge into a single scheme*** catering for short-term and long-term incapacity, i.e. pay DB/Invalidity Pension, as appropriate, to those who have the required PRSI contributions and pay the “merged payment” to those who do not have sufficient contributions, or where the person is entitled to reduced rate DB because of reduced earnings.

Option 1 - Abolition of Injury Benefit

- 10.6.2** Under this option the separate Injury Benefit scheme would be abolished and those who are injured as a result of an accident at work would be catered for through an amended Disability Benefit scheme. This option would involve introducing an additional condition for DB purposes which would give entitlement to those injured at work, but who do not have sufficient PRSI contributions. DB would be paid in these cases on the same basis as Injury Benefit, i.e. once a person is injured while in employment which is insured for occupational injury purposes, regardless of the length of service or number of PRSI contributions, they would be entitled to Disability Benefit. In effect, the Injury Benefit scheme would be merged into the Disability Benefit scheme.

Advantages

- 10.6.3** The main advantages of merging Injury Benefit with DB are as follows –
- There would be a single social insurance payment to cater for all those who become incapable of work;
 - It would avoid complicated and time consuming investigations into the cause of the accident for the majority of claimants (approx. 75%) who are injured at work and have an entitlement to DB but are instead paid Injury Benefit, at no additional financial gain to them; and
 - There would be further savings through the amalgamation of the administration of both schemes.

Disadvantages of Merging Injury Benefit with DB

10.6.4 There are a number of disadvantages involved with this option, as follows –

- There would be no reduction in the level of investigation needed in determining the occupational origin of the accident/disease for the estimated 4,000 (25%) claimants a year who would not qualify for DB under the current eligibility rules;
- Some of the administrative savings to be achieved under this proposal would be diminished as investigations into the cause of the accident would still have to be carried out where a person also makes a claim for Medical Care (approx. 2,000 cases per annum). Under the current arrangements these investigations would normally be carried out at the initial claim stage for Injury Benefit purposes;
- The introduction of the special eligibility condition for DB in the case of work-related incapacity could result in confusion for staff processing claims and also for customers as it would result in different categories of DB claimants having different qualifying conditions applied to them depending on the cause of the illness;
- The clarity and expertise of having a separate area dealing with all aspects of the Injury Benefit scheme, for both internal and external customers and for other Agencies such as the Health and Safety Authority would be lost;
- People with reduced earnings would be entitled to reduced rate DB, as opposed to full rate Injury Benefit under the present arrangements;¹²⁵
- People with less than 5 years PRSI contributions paid can receive a combination of Injury Benefit and DB for up to 1½ years at present. This would reduce to 1 year in total on the abolition of Injury Benefit;
- People aged under 16 and over 66 would no longer be eligible for benefit;
- The abolition of Injury Benefit could make the process of applying for Disablement Benefit more difficult, particularly in cases where the onset of the disablement does not occur until some time after the injury has been sustained.

Option 2 - Retention of Injury Benefit

10.6.5 This is a variation on option 1 above. Where a person who is incapacitated as a result of an accident at work has entitlement to Disability Benefit, then the DB would be paid. However, Injury Benefit would only be paid in cases where a person does not have sufficient PRSI contributions to qualify for DB or where they are entitled to DB at a reduced rate. Injury Benefit payable in these circumstances would be paid on the same basis as under the current arrangements, i.e. it would still be paid only for the first 6 months.

Advantages

10.6.6 As in the case of option 1, this option would avoid complicated and time consuming investigations into the cause of the accident for the majority of claimants who are injured at work. In addition –

- It would avoid the potential confusion arising under option 1 for both staff and customers in operating different qualifying criteria for DB purposes for different categories of claimants;
- People with reduced earnings would be able to claim full-rate Injury Benefit instead of reduced rate DB; and

¹²⁵ Although the incentive arguments highlighted in Chapter 15, section 15.2 in the case of graduated DB cases generally would apply in these situations also.

- People aged under 16 years and over 66 years who are injured at work would be able to claim Injury Benefit.

Disadvantages

10.6.7 However, many of the difficulties identified with option 1 would also apply with this option, as follows –

- There would be no reduction in the level of investigation needed in determining the occupational origin of the accident/disease for the estimated 4,000 (25%) claimants a year who would not qualify for DB under the current eligibility rules;
- Some of the administrative savings to be achieved under this proposal would be diminished as investigations into the cause of the accident would still have to be carried out where a person also makes a claim for Medical Care;
- People with less than 5 years PRSI contributions paid can receive a combination of Injury Benefit and DB for up to 1½ years at present. This would reduce to 1 year in total under this option;
- The abolition of Injury Benefit for the majority of those injured at work could make the process of applying for Disablement Benefit more difficult, particularly in cases where the onset of the disablement does not occur until some time after the injury has been sustained.

Option 3 - Abolition of Unemployability Supplement

10.6.8 Under this option the separate Unemployability Supplement scheme would be abolished and those who are permanently incapable of work as a result of an accident at work would be catered for through amended Disability Benefit and Invalidity Pension schemes. This option would involve introducing an additional condition for both DB and Invalidity Pension which would give entitlement to those benefits to those injured at work but who do not have sufficient PRSI contributions. The DB or Invalidity Pension, as appropriate, would be paid in these cases on the same basis as Unemployability Supplement, i.e. once a person is permanently incapacitated for work having been injured while they were in employment which is insured for occupational injury purposes, regardless of the length of service or number of PRSI contributions, they would be entitled to benefit. Unemployability Supplement is currently payable when Disablement Pension is awarded, i.e. generally 6 months after the accident. Therefore, under this proposal US would be initially replaced by Disability Benefit. After 6 months on Disability Benefit (and a total of 1 year's incapacity) the person would be eligible to claim Invalidity Pension. In effect, the Unemployability Supplement scheme would be merged into the Disability Benefit and Invalidity Pension schemes, as appropriate.

Advantages

10.6.9 The main advantages of merging Unemployability Supplement with DB or Invalidity Pension are –

- The further simplification of the payments system for incapacity for work;
- There would be administrative savings through the amalgamation of the administration of US with the DB and Invalidity Pension schemes; and
- Regardless of whether Injury Benefit was retained or merged into DB, the occupational origin of the accident would already have been determined and no further investigation would be required to qualify for either DB or Invalidity Pension under this option.

Disadvantages

10.6.10 The principal disadvantages involved are as follows –

- The introduction of the special eligibility condition for DB and Invalidity Pension could result in confusion for staff processing claims and also for customers as it would result in different categories of DB and Invalidity Pension claimants having different qualifying conditions applied to them depending on the cause of the illness;
- People with reduced earnings would be entitled to reduced rate DB, as opposed to full rate Unemployability Supplement. (However, after 1 year they could opt for Invalidity Pension which is not affected by the level of earnings and is paid at a higher rate.)

Option 4 - Retention of Unemployability Supplement

10.6.11 Again, this is a variation of option 3. Where a person who is permanently incapacitated as a result of an accident at work has entitlement to either Disability Benefit or Invalidity Pension, then that benefit or pension, as appropriate, would be paid. However, Unemployability Supplement would only be paid in cases where a person does not have sufficient PRSI contributions to qualify for DB or Invalidity Pension or where they are entitled to DB at a reduced rate. Unemployability Supplement payable in these circumstances would be paid on the same basis as under the current arrangements, i.e. for as long as the person remains permanently incapable of work.

Advantages and Disadvantages

10.6.12 This option would overcome the disadvantages outlined under option 3, i.e. the potential confusion for both staff and customers in operating different qualifying criteria for DB and Invalidity Pension purposes for different categories of claimants would be avoided and people who have reduced earnings would be able to claim full rate Unemployability Supplement, instead of reduced rate DB.

Option 5 - Merger of Injury Benefit and Unemployability Supplement into a single scheme

10.6.13 This option is an amalgamation of options 2 and 4 above and involves paying DB or Invalidity Pension, as appropriate, to those who have entitlement to such benefits and having a merged Injury Benefit/US payment for other cases. Accordingly, where a person who is incapable of work as a result of an occupational accident has entitlement to either DB or Invalidity Pension, then these benefits, would be paid, as appropriate. The residual Injury Benefit and US schemes would be merged into a single payment and this payment would only apply to people who do not have sufficient PRSI contributions to qualify for either DB or Invalidity Pension or where they are entitled to DB at a reduced rate. Payment would be at the existing Injury Benefit/US level and would continue to be paid for as long as the person remained incapable of work.

Advantages

10.6.14 This option would avoid complicated and time consuming investigations into the cause of the accident for the majority of claimants who are injured at work and –

- It would avoid the potential confusion arising under options 1 and 3 for both staff and customers in operating different qualifying criteria for DB purposes for different categories of claimants;
- People with reduced earnings would be able to claim the “merged” payment at full-rate instead of reduced rate DB; and
- People aged under 16 years and over 66 years who are injured at work would be able to claim the “merged” payment.

Disadvantages

10.6.15 The principal disadvantages are the same as those outlined for option 2 above (see paragraph 10.6.7).

10.7 Views of the Working Group

10.7.1 In line with its views on the achievement of efficiencies, as set out in paragraph 10.4.2 above, and having regard to all of the relevant issues, *the Working Group recommends that option 5 should be pursued*. This means that the Injury Benefit and Unemployability Supplement schemes would be retained but would have a diminished role. They would also be merged into a single scheme covering both short-term and long-term incapacity. There would be administrative savings arising under this option as it is anticipated that it would reduce the annual number of investigations required to establish whether the accident was work-related from 16,400 to about 6,000.

10.7.2 *It is also recommended that people who have been injured at work and who qualify for Disability Benefit under the new arrangements would be advised by the Department of their possible entitlement to Disablement Benefit and/or Medical Care. This notification should be re-issued at a later date, for example, when the person is fit to resume work or after a specific period, say 6 months.*

Other Issues

10.7.3 The Working Group noted that there were a number of other issues which would need to be further examined if the above approach were adopted, e.g. -

- could people still seek declarations that there had been an occupational accident even though they are not incapable of work immediately following the accident, or should they only seek such a declaration if the injury subsequently results in incapacity for work or loss of faculty?
- the operational aspects for the administration of any “merged” payment will need to be fully considered,
- at what stage would Disablement Benefit become payable?

- should there be any distinction between people on the “merged” payment in the short-term and long-term, e.g. should the Free Schemes, Living Alone Allowance, Christmas Bonus apply to the “merged” payment and, if so, at what stage?
- how would benefits under the new arrangements be assessed in court awards for damages, etc.?¹²⁶
- the proposed “merged” payment could create difficulties in meeting the minimum standards set out in the ILO Employment Injury Benefits Convention, should there be any changes in these standards in the future, and
- the need for the continuation of a separate Class J contribution.

However, the Working Group considered that all of these issues would be best addressed in the context of a more in-depth review of the overall OIB system.

¹²⁶ The implementation of the recommendations of the Law Reform Commission in this area would address this matter. See Law Reform Commission, *Report on Section 2 of the Civil Liability (Amendment) Act, 1964: The Deductibility of Collateral Benefits from Awards of Damages* (Dublin: The Law Reform Commission, 2002).

Chapter

11 OVERLAP BETWEEN LONG-DURATION DISABILITY BENEFIT AND INVALIDITY PENSION

11.1 Background

11.1.1 The next area of duplication examined by the Working Group relates to the potential for overlaps between the contributory illness and disability payment schemes, i.e. Disability Benefit (DB) and Invalidity Pension. Disability Benefit is payable to insured people who are *incapable of work*, while Invalidity Pension is payable to insured people who are *permanently incapable of work*. The key difference between the schemes is the idea of permanence underlying Invalidity Pension. This chapter examines the similarities and differences between the operation of the long-duration DB and Invalidity Pension schemes and between the profile of the recipients under each scheme.¹²⁷ It also examines the rationale for having two schemes addressing the same contingency, albeit with different duration parameters.

Development of the Disability Benefit and Invalidity Pension Schemes

11.1.2 A detailed description of the introduction of the DB and Invalidity Pension schemes is set out in sections 1, 2 and 4 of Appendix II. The Disability Benefit scheme which is in operation today can trace its origins back to the Sickness Benefit and Disablement Benefit schemes under the National Health Insurance system, which were first introduced in 1912. Although there have been many changes to the DB scheme, its basic structure has not changed substantially from that of the original Sickness and Disablement Benefit schemes.

11.1.3 The Invalidity Pension scheme was introduced in October, 1970 mainly for administrative reasons, e.g. the greater administrative convenience in terms of the payment methods available. In addition, it relieved long-term recipients of DB from the inconvenience of having to seek and submit medical evidence as to their conditions at regular intervals. The introduction of the Invalidity Pension also formed part of proposals for structural changes and reorganisation of the social welfare services, through the introduction of three new social insurance schemes so as to comprehend all of the internationally recognised contingencies for social security purposes, i.e. the Retirement Pension and Death Grant and Invalidity Pension schemes.

11.1.4 Although originally based on DB, over time the Invalidity Pension scheme developed a number of differences (e.g. payment at a higher rate than DB, entitlement to the “Free Schemes” etc.). These developments have not been accompanied by any redefinition of the role or objectives of the scheme. In particular, no separate concept of “invalidity” has ever been defined, other than in terms of the current duration and/or likely future duration of DB. Entitlement to Invalidity Pension is based on the fact that the claimant must be permanently incapable of working. The original definition of what constituted permanent incapacity for work was that the person must have been continuously incapable of work for a period of at least one year and that it was shown to the satisfaction of a Deciding Officer or an Appeals Officer that they were likely to continue to be incapable of work for at least a further year. However, in addition to the above, a person can now be considered to be permanently incapable of work where they are incapable of work

¹²⁷ For the purposes of this chapter, long-duration DB is taken to relate to those in receipt of payment for 1 year or more. This ties in with one of the qualifying criteria for DB which requires claimants to have at least 260 PRSI contributions paid (5 full years) in order to be eligible to receive benefit for longer than a year.

and it is shown to the satisfaction of a Deciding Officer or an Appeals Officer that the incapacity is of such a nature that they are likely to remain so incapable for life.

11.2 Comparison Between DB and Invalidity Pension Schemes

11.2.1 Details of the current operation of the DB and Invalidity Pension schemes are set out in sections 1 and 2 of Appendix III. In addition, Table 11.1 which compares the various qualifying conditions, rates of payment and other relevant criteria between both of these schemes is appended at the end of this chapter. As will be seen both the medical and contribution conditions for the long-duration DB and Invalidity Pension schemes are broadly similar. In addition, both sets of recipients are eligible for the smokeless fuel allowance. The range of employment support measures provided for both categories is also broadly similar, e.g. exemptions from the Rules of Behaviour, Back to Work and Back to Education schemes etc. However, there are a number of features which favour those on Invalidity Pension over DB, while in relation to a number of other features, the converse holds. Finally, policy with regard to the appropriate payment levels for those who have short-term incapacity and those who have long-term incapacity has changed considerably since the introduction of these schemes and this too has influenced their evolution.

Similar Medical Conditions

11.2.2 Disability Benefit is payable to insured people for each day of incapacity for work, i.e. where a person is incapable of work by reason of some specific disease or bodily or mental disablement. A person can also be deemed to be incapable of work for DB purposes by reason of some specific disease or bodily or mental disablement for any day when they are not so incapable, but are –

- under medical care in respect of such a disease or disablement and it is certified by a registered medical practitioner that by reason of the disease or disablement they should abstain from work and they do not work, or
- a probable source of infection with a specified infectious disease and they abstain from work under the written advice of a registered medical practitioner.

In assessing a person's eligibility for DB, entitlement is initially based on the person's incapacity to do their current job. However, depending on the nature and duration of the illness, entitlement will eventually be based on their incapacity for all types of work.

11.2.3 Invalidity Pension is payable to insured people who are permanently incapable of work. Permanent incapacity for work is defined as incapacity for work by reason of some specific disease or bodily or mental disablement –

- which is of such a nature that the likelihood is that the person will be incapable of work for life, or
- which has existed continuously for 12 months prior to the date of claim and where the Deciding Officer or Appeals Officer is satisfied that the person is likely to be unable to work for 1 year from the date of the claim.

People aged 60 years and over with a demonstrated underlying incapacity are normally regarded as meeting the above conditions for Invalidity Pension purposes. In addition, for the purposes of assessing eligibility for Invalidity Pension, entitlement is, in all cases, based on the person's incapacity for all types of work.

Similar PRSI Contribution Conditions

- 11.2.4** Initial entitlement to DB requires the claimant to have at least 39 PRSI contributions paid, together with at least 39 paid or credited PRSI contributions in the governing contribution year, of which 13 must be paid.¹²⁸ Alternatively, entitlement to DB may be satisfied on the basis of 26 weeks PRSI contributions paid in the governing contribution year and 26 weeks PRSI paid in the tax year immediately before the governing contribution year. Satisfaction of the above contribution conditions gives entitlement to DB for 12 months. However, entitlement to long-duration DB (i.e. DB for more than 1 year) requires an existing claimant to have at least 260 PRSI contributions paid. To qualify for Invalidity Pension a person must have at least 260 PRSI contributions paid, together with at least 48 contributions paid or credited in the last complete tax year before the claim for Invalidity Pension is made.
- 11.2.5** There are however, a number of differences between both payments, most of which give Invalidity Pensioners a financial advantage, but a small number of which give long-duration DB recipients a financial advantage.

Differences in Favour of Invalidity Pensioners

- 11.2.6** These include –
- The rates of payment for Invalidity Pension are higher than the rates for DB in all cases. For instance, the personal rate is €5.50 (4%) higher, the qualified adult allowance is €10.20 (12%) higher and the increase for a qualified child is €2.50 (15%) higher. Taking the example of a married person with an adult and 2 child dependants, they would receive €20.70 a week (9%) more on Invalidity Pension than on DB;
 - The difference between the graduated rates of DB and Invalidity Pension are even higher than those outlined above. For instance, at the lowest graduated rate, there is a difference of €74.20 (132%) a week in the personal rate in favour of Invalidity Pensioners. The differential is €118.50 (83%) in the case of a married person with 2 children. Recipients of graduated rates of DB who are permanently incapable of work and satisfy the required contribution conditions can qualify for full-rate Invalidity Pension;¹²⁹
 - Increases of Invalidity Pension in respect of qualified children are paid up to 22 years, if the child is school-going, while they are only paid up to 18 years in the case of DB;¹³⁰
 - Invalidity Pensioners who are living alone are entitled to an extra living alone allowance of €7.70 a week;
 - Invalidity Pensioners are eligible for the range of “Free” schemes which includes the Free Travel Pass, Free Electricity Allowance, Free TV Licence and Free Telephone Rental Allowance and are also eligible for the fuel allowance which operates during the winter months and for the Christmas Bonus.

¹²⁸ The Governing Contribution Year is the second last complete income tax year before the beginning of the calendar year in which the claim is made, e.g. for a claim made in 2003 the Governing Contribution Year is the 2001 tax year. If a person does not have 13 paid PRSI contributions in the Governing Contribution Year, this condition may be satisfied by having 13 paid contributions in the 2nd or 3rd most previous complete tax years, in the last complete tax year or in the current tax year.

¹²⁹ It is estimated that in the region of 8.5% of people who move from DB onto Invalidity Pension have been on graduated rates of DB.

¹³⁰ From October 2003, increases for qualified children for recipients who have been getting DB for 27 weeks or more are paid up to 22 years on the same basis as for Invalidity Pension.

Differences in Favour of Long-Duration DB Recipients

11.2.7 These include –

- The taxation arrangements for DB are somewhat more favourable than for Invalidity Pension. Invalidity Pension is fully taxable. The first 6 weeks of DB in each tax year is not liable for tax, while increases for qualified children are not taxable either;
- Certain other social welfare payments can be paid in full or in part in addition to DB. For example, recipients of Widow /er's Pensions and lone parent payments can receive DB at $\frac{1}{2}$ rate in addition to their pension payment for up to 15 months. Recipients of Blind Person's Pension and Orphan's Pension can receive DB in full in addition to their pension payment. Apart from Disablement Benefit, which can be paid in addition to all social welfare payments, including DB, no other social welfare payments can be paid in addition to Invalidity Pension.

Differences in Evolution of Policy on Adequacy of Long-Term Illness Payments

11.2.8 Under the National Health Insurance system, greatest financial support was provided during the early stages of illness. For instance, Sickness Benefit was originally paid at twice the rate of Disablement Benefit. While this differential was reduced over the years, it was not abolished until the Disability Benefit scheme was introduced in 1953. The payment of DB at the same rate regardless of the duration of the illness followed on from recommendations contained in the 1949 White Paper on Social Security, which argued that, on the grounds that a sick person's needs or those of their dependants do not diminish with the passage of time, benefit should be continued at a uniform level so long as sickness lasts.

11.2.9 The introduction of the Invalidity Pension scheme in 1970 and its further development in the intervening period, represented a recognition that those who are long-term ill or disabled have additional needs to those who are sick from work for short periods. However, the introduction of the pay-related supplement (PRB) payable with DB shortly after the introduction of the Invalidity Pension scheme, meant that policy in this area became somewhat unclear.¹³¹

11.2.10 The purpose of the PRB scheme was to relate the level of benefit payable during short periods of illness to the person's earnings from employment.¹³² By 1980, for instance, the average PRB payable was higher than the standard flat-rate DB. However, with the changes that were made to the PRB scheme during the mid to late 1980's, the significance of this supplement was reduced and it was eventually abolished in 1992. It should nevertheless, be noted that in introducing pay-related supplements for short-term benefit schemes such as DB, it was also the then Government's intention to introduce similar income-related supplements in the case of pension schemes, including Invalidity Pension.¹³³ However, following further consideration of the matter by a number of expert groups it was eventually decided not to proceed with the introduction of income-related social insurance pensions, but instead to encourage the development of second-tier pensions through the private sector.¹³⁴

¹³¹ PRB was introduced in April, 1974.

¹³² Initially PRB was paid for up to 6 months, but was eventually extended up to 15 months.

¹³³ Department of Social Welfare, *A National Income Related Pension Scheme: A Discussion Paper* (Dublin: The Stationery Office, 1976).

¹³⁴ See Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986), National Pensions Board, *Developing the National Pension System: Final Report of the National Pensions Board* (Dublin: The Stationery Office, 1993), and the Pensions Board, *Securing Retirement Income: National Pensions Policy Initiative* (Dublin: The Pensions Board, 1998).

11.2.11 As will be seen therefore, the balance in the level of social insurance provision for short-term illness and long-term illness and disability has varied at different times. Initially greatest support was provided to those who were absent from work for short spells. By the early 1950's there was a recognition that people with long-term illnesses and disabilities did not have any lesser needs than those who were short-term ill. While the introduction of the Invalidity Pension and Pay-Related Benefit schemes meant that policy in this area became somewhat unclear during the 1970's and 1980's, the policy now is that those who are long-term dependent on social welfare payments, including Invalidity Pensioners, require and receive additional support.

11.3 Profile of Long-Duration DB and Invalidity Pension Claimants¹³⁵

There are slightly more than twice as many Invalidity Pensioners as compared to recipients of long-duration DB, i.e. 52,147 Invalidity Pensioners, as compared to 26,061 long-duration DB recipients. A profile of both sets of claimants highlights the following –

Gender Analysis

- There are twice as many female recipients (67%) of long-duration DB as there are males (33%). This compares with a 38:62 male/female ratio among all DB cases;
- Invalidity Pensioners are more evenly divided, with 54% males and 46% females;
- In the period since 1989¹³⁶ there has been a significant increase in the proportion of female recipients of both DB and Invalidity Pension, with female DB recipients having increased from 48% in 1989 to 62% at present and female Invalidity Pensioners having increased from 32% to 46%.

Age Analysis

- The incidence of males claiming long-duration DB increases in proportion with their age, with 1/2 of male recipients being aged 55 and over. However, female recipients of long-duration DB are over represented in the 35 to 55 age group. For instance, 43% of all recipients of long-duration DB are females in the 35 to 55 age group, while a little over a fifth of female recipients are aged 55 or over;
- The incidence of claiming Invalidity Pension by both males and females increases in proportion with age, with over two thirds of male recipients aged 55 and over and 57% of females aged 55 and over. Proportionately, there is a higher incidence of female Invalidity Pensioners in the 35 to 55 age group – 43% of females as compared with 31% of males.

Duration Analysis

- The majority of those on long-duration DB have been getting that payment for less than 5 years (71%), with over 58% having durations of less than 3 years.¹³⁷ The majority of Invalidity Pensioners have been getting that pension for 5 years or more (59%);
- 33% of those on long-duration DB are males, while 67% are female. In comparison, 54% of Invalidity Pensioners are male, while 46% are female;

¹³⁵ In this section, long-duration DB recipients, i.e. those who have been getting payment for at least 1 year, have been compared with Invalidity Pensioners aged under 66 years (as DB is only paid to 66 years).

¹³⁶ Current statistics have been compared with statistics for 1989 which are contained in Department of Social Welfare, *Profile of the Disability Benefit and Invalidity Pensions Populations 1989* (Dublin: Planning Unit, Department of Social Welfare, 1990).

¹³⁷ In order to make a valid comparison between the populations on long-duration DB and on Invalidity Pension for duration analysis purposes, receipt of long-duration DB has been taken to commence 1 year after DB was first paid. This compares with the Invalidity Pension which is, in general, not paid until a person has been on DB for at least 1 year.

- 53% of male long-duration DB recipients have durations of less than 2 years, as compared with 45% of female long-duration DB recipients. 25% of male long-duration DB recipients have durations of 5 years or more, as compared with 31% of females;
- 61% of male Invalidity Pensioners have been receiving that pension for 5 years or more, as compared with 57% of female Invalidity Pensioners;
- In the period since 1989, the composition of the total DB population¹³⁸ has changed considerably. In 1989 there were higher numbers on DB for longer periods. For example, 61% of DB claimants were in receipt of DB for 1 year or more. This compares with a current figure of 48% on DB for 1 year or more;
- In comparison, there has been an increase in average durations in the Invalidity Pension population since 1989, with 31% of claimants in 1989 having durations of 6 years or more as compared with a current figure of 54%.¹³⁹

Analysis of Incapacities

- There are significant similarities in the incapacities of recipients of long-duration DB and DB recipients who have transferred to Invalidity Pension. The most prevalent incapacity code for both cohorts is Back/Neck/Rib/Disc Injury, at 26% (of the top 15 Incapacity Codes identified) for long-duration DB and at 21% (of the top 15 Incapacity Codes identified) for the Invalidity Pension transfers;
- The top six incapacity codes are identical for both cohorts - Back/Neck/Rib/Disc Injury, Anxiety/Depression, Other Incapacity, Arthritis/Rheumatism/Osteo Arthritis, Nervous Debility/Bereavement and Hypertension, although the order differs slightly;
- For the cohort of DB recipients transferring to Invalidity Pension, the top six incapacity codes account for 49% of all pensioners, while for the long-term DB cohort the top six incapacities represent 53% of all recipients;
- Anxiety/Depression is more prevalent among the long-term DB cohort than the IP transfer cohort at 23% and 12% respectively.

11.4 Invalidity Pension Systems in an International Context

11.4.1 It is important to understand that the concept of invalidity varies considerably across international boundaries. In many other countries, for social security purposes, invalidity is more often than not grouped together with the contingencies of old age and survivorship. This arises because of the fact that the incidence of invalidity is generally closely related to age and, in many countries, the majority of invalidity beneficiaries are in the higher age groups. In these situations Invalidity Benefits are essentially regarded as early Retirement Pensions payable due to ill health. Only in a small number of countries are Invalidity Benefits and Old Age Benefits treated separately. In this group of countries, including Ireland, invalidity is regarded as long-term or permanent illness, to be met by an indefinite extension of sickness benefit until this is superseded by Retirement Pension at normal pensionable age. Viewing invalidity as either protracted sick pay or early retirement also has considerable consequences as to the emphasis laid upon work resumption or rehabilitation. In the latter case, for instance, little or no return to the labour market would be expected.

¹³⁸ This comparison is based on the total DB population, i.e. both short-term and long-duration claims.

¹³⁹ A duration analysis of Invalidity Pensioners receiving payment for 5 years or more is not available from the *Profile of the Disability Benefit and Invalidity Pensions Populations 1989*.

Concepts used in the Definition of Invalidity Internationally

11.4.2 One of the most difficult problems associated with this contingency is the definition and assessment of what constitutes invalidity. A comparison between different national systems highlights that, in general, there are three concepts of invalidity for social security purposes, as follows –

- **Physical invalidity:** This means total or partial loss of any part of the body, or of any physical or mental faculty, irrespective of the economic or occupational consequences of that loss.
- **Occupational invalidity:** This means the loss of earning capacity resulting from the inability to continue in the person's previous occupation.
- **General invalidity:** This means the loss of earning capacity arising from the inability to take up available employment opportunities in the general labour market, even those that may involve a change in occupation and possibly some sacrifice of professional or social status.

11.4.3 The concept of physical invalidity can trace its origins back to the earliest pension schemes, which provided compensation for war injuries. Nowadays, the concept of general invalidity is mainly used (though this does not rule out consideration of physical impairment). Occupational invalidity is usually used as the basis of special schemes for workers in particular types of employment. Frequently, there is little clear distinction between the concepts of general and occupational invalidity. For instance, some countries which base Invalidity Pension on the concept of general invalidity, also take the occupational experience of the applicant into account in assessing the degree of invalidity. In other cases, a single scheme can be based on two concepts of invalidity, with qualification for a full pension based on general invalidity and qualification for a partial pension based on occupational invalidity.

Concepts used in the Assessment of Invalidity Internationally

11.4.4 In assessing invalidity, account is generally taken of the present physical or mental condition of the applicant, as certified by a medical practitioner. The foreseeable or likely consequences of current impairments are not normally taken into consideration, except to assess the likely outcome of vocational rehabilitation or to fix the date of the next medical examination. In some countries, however, the possible future development of the applicant's condition if they continue working is a factor in the assessment of invalidity. For example, an applicant may be adjudged totally disabled if regular work would constitute a serious threat to health and may therefore, be entitled to a full Invalidity Pension.

11.4.5 Age is also an important factor in assessing invalidity, since the same impairments and health problems usually have more serious consequences for older people than for younger people. Some countries specifically provide that a comparison should be made between the applicant and an able-bodied person of the same age and sex, when entitlement to benefit is being assessed. Even when the relevant law is silent on this point, age is however, normally a factor relevant to the assessment of opportunities for vocational rehabilitation.

Examples of Different Invalidity Pension Schemes

11.4.6 The following are some of the more significant features of the different types of Invalidity Pension scheme in operation in EU Member States –

- Most countries operate Invalidity Pension schemes on the basis of compulsory social insurance contributions, i.e. the schemes are generally limited to employees and, in certain cases, the self-employed.
- The Nordic countries (Denmark, Finland and Sweden) and the Netherlands operate universal Invalidity Pension systems for all residents.
- A condition of most Invalidity Pension systems is that there must be a minimum level of incapacity for work. This ranges from 15% in the Netherlands to 66.6% in Belgium, France and Italy.
- Depending on the particular system, this may give entitlement to a partial Invalidity Pension. Higher incapacity levels of up to 100% are required in some countries to qualify for pension at full-rate.
- In the UK and Ireland, 100% incapacity is required to qualify for Invalidity Pension.
- The Invalidity Pension scheme in Portugal is based on reduced earnings capacity as opposed to reduced capacity to work. Earnings capacity must be no more than 1/3rd of normal to qualify for pension.

Irish Invalidity Pension Scheme in an International Context

11.4.7 The Invalidity Pension scheme, as introduced in 1970, clearly fell into the category of protracted sick pay schemes. Instead of being based on the concepts of physical, occupational or general invalidity, entitlement to Invalidity Pension is based on the duration of the incapacity, i.e. incapable of work for a year and likely to remain incapable for at least a further year.

11.4.8 However, it should be recognised that even without an explicit recognition of a change in the scheme's objectives, over time the Invalidity Pension has developed some elements which are now more closely related to the contingency of old age and survivorship. For instance, once in payment, a range of additional benefits which is available to old age pensioners, including the "Free" schemes, living alone allowance etc., also become available to Invalidity Pensioners. These additional benefits are not available to DB recipients, regardless of the duration of the claim.

11.5 Problems with Current Arrangements

11.5.1 In examining this area the Working Group identified a number of difficulties with the operation of the present system. In identifying these difficulties, the Group sought to tackle –

- issues which led to a lack of consistency across schemes,
- issues which introduced an unwarranted complexity,
- issues which undermined the high-level goal of supporting a return to employment, and
- anomalies between schemes which might lead to undesirable outcomes.

11.5.2 Both Disability Benefit and Invalidity Pension seek to provide income support in the event on incapacity. In the case of long-duration DB and Invalidity Pension, both schemes provide income support in cases of long-term incapacity. The crucial distinction between the two schemes is based essentially on the concept of “permanence”. In effect Invalidity Pension requires permanent long-term incapacity, while long-duration DB requires long-term but not permanent incapacity. This has led to a number of problems as follows –

- difficulties with a clear and consistent application of the concept of “permanence”,
- difficulties with the concept of “permanence” and the current reality in the labour market and with the Department’s objectives to provide support to return to employment,
- difficulties arising out of the inconsistent treatment of long-duration claimants on a short-term scheme, and
- difficulties arising out of incentives for claimants not to apply for Invalidity Pension even where the underlying medical condition might justify it.

Each of these problems is expanded below.

Difficulties with Clear and Consistent Application of Concept of “Permanence”

Period of Assessment for Invalidity Pension might be Too Short

11.5.3 One of the medical conditions for entitlement to Invalidity Pension requires the Deciding Officer or Appeals Officer to be satisfied that the person is likely to be unable to work for 1 year from the date of the claim for Invalidity Pension. The Working Group has been advised that this condition can be the source of some difficulty in administering the scheme. For instance, due to the nature of the illness or injury, in some cases it can take a couple of years before the necessary medical investigations have been completed and a prognosis arrived at. The one-year criterion is therefore, considered to be too short a period over which to make such an assessment in these types of cases.

11.5.4 Another issue which was brought to the Working Group’s attention was the interaction between the social welfare appeals system, which by its nature can be protracted in certain cases, and the specific wording of the relevant legislation, which provides for entitlement to Invalidity Pension where the person is likely to be unable to work for 1 year from the date of the pension claim. In many cases, because the medical investigations which are necessary in order to determine the appeal have not been completed within 1 year from the date of the claim, the Appeals Officer has no other option under the legislation but to award the Invalidity Pension, even though the medical evidence, which subsequently becomes available, may not support the award of that pension. The one-year criterion in this instance is similarly considered too short a period over which to make such an assessment.

Protracted DB Cases not Meeting Medical Criteria for Invalidity Pension

- 11.5.5** There are significant numbers of people who have been in receipt of DB for very long periods. For instance, over 16% of DB recipients are in receipt of payment for over 5 years, while 8% have been getting payment for more than 10 years. Over 700 DB recipients have been receiving benefit for more than 20 years. *The Working Group could not find a convincing medical explanation as to why such people remain ineligible for the Invalidity Pension.* The medical conditions require that the incapacity must have lasted for 1 year before the date of the Invalidity Pension claim and that the person is likely to remain incapable for a further year from the date of claim. Clearly the first element of the medical condition is satisfied in these cases. Entitlement to Invalidity Pension for this group therefore, hinges on fulfilling the second element, i.e. that they are likely to remain incapable for a further year. Given that there is no evidence of people with such long durations on DB either certifying themselves or being found by the Medical Assessors to be capable of work, it is difficult to see how such people can be continually assessed as still being incapable of work at the time of the medical assessment, but not likely to remain incapable for a further year.

Differences in the Medical Review and Assessment Processes

- 11.5.6** There are differences in the operation of the medical review and assessment process as between long-duration DB and Invalidity Pension. The initial medical examination for qualification for Invalidity Pension is considered to be a more rigorous assessment than that applying to long-duration DB. On qualification for Invalidity Pension, the medical condition of the majority of pensioners (75%) is assessed as being such that there is no need for them to be referred for any further medical examinations. The balance of Invalidity Pensioners are required to attend for medical examinations on an intermittent basis, with 11% having 1 year referrals and 14% having referrals of 2 years or more. However, the medical reviews of Invalidity Pensioners are seen as being somewhat ritualistic and highly unlikely to result in the pensioner being found capable of work. For example, of 1,831 Invalidity Pensioners medically reviewed in 2000, only 23 (1%) were ultimately found to be capable of work, while in 2001, of 1,508 cases medically reviewed, only 7 (0.5%) were ultimately found to be capable of work. Nor do these medical examinations appear to assess a person's potential for availing of the various employment supports available from the Department.¹⁴⁰

Concept of “Permanence” of Incapacity and Current Labour Market Realities

Changing Concepts of “Capacity” and “Work”

- 11.5.7** The main qualifying condition for Invalidity Pension - permanent incapacity for work – does not allow for the recognition that the concepts of “incapacity” and “work” which were adopted at the time of introduction of the pension have changed very significantly in the meantime. In defining what is meant by permanent incapacity for work, the relevant legislative provisions do not attempt to assess the nature or severity of the illness/disability or its consequences on the person's ability to undertake employment. Instead, it refers to the likely duration of the incapacity. The Working Group noted that the nature of work and employment has changed significantly with a greater recognition of atypical work patterns and arrangements, resulting in an expansion in the range of employment options available to those who are in receipt of the payment. This change in the understanding of incapacity/disability and work is supported by the fact that increasing numbers of Invalidity Pensioners and DB recipients are now accessing the various employment and training supports available.

¹⁴⁰ See also Chapter 8, paragraph 8.3.5.

- 11.5.8** While not requiring the full range of benefits currently available to Invalidity Pensioners, people who have partial capacity for employment may nevertheless, need some form of limited financial support. Such support is not generally available under the current “all or nothing” approach. In the circumstances, many people in these situations are forced to declare that they have no capacity for work in order to be eligible to receive any level of income support. A clear tension with the underlying qualifying criteria arises therefore, if they wish to take advantage of available employment or training opportunities.

Impact of “Free” Schemes on Support for Employment

- 11.5.9** The potential disincentives for people with disabilities, including Invalidity Pensioners, in taking up employment are discussed in detail in Chapter 8. Of particular importance in this regard in examining the overlaps between long-duration DB and Invalidity Pension is the significance of the loss of the additional benefits, such as the “Free” schemes, in the decision to take-up employment. This issue is considered in detail in Chapter 8, paragraphs 8.3.24 to 8.3.32. In this regard, the Working Group considers that any examination of possible mechanisms for overcoming the potential disincentive effects posed by the loss of the additional benefits, such as the “Free” schemes, by people with disabilities on taking up employment should also encompass an examination of the appropriateness of the provision of the “Free” schemes to this group, in the first instance.

Difficulties arising from Inconsistent Treatment of Long-Duration Claimants on Short-Term Scheme

- 11.5.10** In general, the social welfare system has tended to treat those who are in receipt of pensions and other analogous long-term payments and those who have been in receipt of Unemployment Assistance for more than 15 months more favourably than recipients of short-term payments. For instance, long-term recipients are entitled to the Christmas Bonus and the fuel allowance during the winter months.¹⁴¹ In addition, over the years long-term recipients have received higher budgetary increases than short-term recipients. An exception to this is the treatment of those who have been in receipt of DB on a long-term basis. Almost half of DB recipients at any particular point in time have been receiving benefit for more than a year, while over a quarter have been receiving benefit for more than 3 years. Nevertheless, this group is still treated as being “short-term” recipients and do not receive any of the additional support which is provided to all other long-term social welfare recipients.
- 11.5.11** It is also recognised however, that the provision of a similar range of additional benefits as apply in the case of the Invalidity Pension scheme could result in many more people who would otherwise qualify for that pension opting to stay on DB (see paragraphs 11.5.12 to 11.5.17).

Existence of Incentives for Claimants not to Apply for Invalidity Pension

- 11.5.12** There are a number of situations in which it is financially more advantageous to remain on DB rather than transferring to Invalidity Pension, i.e. the more favourable tax arrangements and concurrent payment of DB with certain other social welfare payments (see paragraph 11.2.7 above). On the assumption that medical factors are not at play in such cases, this may explain the particularly high incidence of females, especially married women, claiming long-duration

¹⁴¹ The Christmas Bonus has, in recent years, been paid at double the normal weekly payment in early December.

DB. For example, there are twice as many female recipients of long-duration DB (67%) as there are males (33%). This compares with a 56:44 male/female ratio among the population insured for social insurance benefits.

11.5.13 With regard to the tax concessions applying to DB, it is noted that the exemption of the first 6 weeks of DB was originally designed to avoid the need for the introduction of complicated administrative arrangements for claims of very short duration. However, in addition to applying to new claims, this exemption has subsequently been applied each year to those on long-duration DB also. *The Working Group is of the view that there is no objective reason for treating long-term DB recipients any differently for income tax purposes than other long-term social welfare recipients, particularly Invalidity Pensioners. Accordingly, it recommends that where a DB claim lasts for at least a year, the same tax arrangements as apply in the case of Invalidity Pension should be applied.*

11.5.14 The second area where it is financially more advantageous to stay on DB rather than transferring to Invalidity Pension relates to concurrent payments. The issue of concurrent payment of DB with other social welfare payments has been examined separately in this report.¹⁴² *The Working Group argues that, from an income support perspective, social welfare rates that provide an adequate standard of living would obviate any justification for the continuation of concurrent entitlements and accordingly, recommends the discontinuance of such arrangements.*

11.5.15 The Working Group is therefore, of the view that the tax and benefits systems should not provide financial incentives for people who are otherwise eligible for Invalidity Pension to remain on DB.

11.5.16 It was also noted that there can be other reasons why some long-duration DB recipients might not wish to apply for Invalidity Pension. For instance, some people who are otherwise qualified for Invalidity Pension are unwilling to consider themselves as being permanently incapable of ever working again. Although it would be financially more beneficial for them to claim the Invalidity Pension, they choose for personal reasons not to do so. For example, out of approximately 3,000 people each year who have been identified by the Department as fulfilling all of the relevant medical and contribution conditions and who are invited to claim Invalidity Pension, 25% choose not to do so. A change in the name of the payment and the qualifying criteria related to permanent incapacity for work could perhaps go some way towards resolving this problem.

11.5.17 However, it may well be that for a number of other reasons some people are unwilling to apply for Invalidity Pension because of difficulties they have previously encountered in satisfying the medical criteria. This could arise where claimants feel that the medical criteria were unduly intrusive or insensitive to their needs. Alternatively, some people may be unwilling to actively engage in a process which will lead to a more rigorous assessment of their medical condition in situations where they may remain on DB for reasons other than those that can be linked with medical conditions.

¹⁴² See Chapter 6, section 6.5.

11.6 Two Schemes – One Contingency?

- 11.6.1** In Chapter 4 we identified that the objective of the DB scheme is to provide insured workers and their dependants with security against the loss of personal income in the event of sickness which renders the insured worker incapable of working, while at the same time reducing the burden on employers of having to provide for their sick employees. A similar objective has been identified for the Invalidity Pension scheme, where the insured worker is long-term sick or has a disability.
- 11.6.2** The Working Group has concluded in Chapter 6 that the broad income support objectives of the illness and disability payment schemes, including the DB and Invalidity Pension schemes, are being met by their current operation. The Group also concludes that, while the provision of income support for people who are ill and people with disabilities is relatively comprehensive, there could be an improvement in effectiveness through rationalisation to make the overall system simpler and more consistent. The Working Group considers that the DB and Invalidity Pension schemes are fairly comprehensive in terms of the provision of income maintenance for insured workers, regardless of whether they are short-term ill or are long-term ill or with a disability. However, the current system is neither simple nor consistent. For example, there is no clear dividing line between entitlement to DB and entitlement to Invalidity Pension, as there has never been a definition of what constitutes invalidity. Instead entitlement for Invalidity Pension hinges on whether the claimant is likely to remain incapable of work for a further year. As will be seen from the preceding section, this is the cause of many difficulties in trying to operate the scheme, which in turn leads to inconsistencies in the treatment of many people. Furthermore, the operation of two schemes gives conflicting incentives in relation to whether the recipients take up the limited employment opportunities.
- 11.6.3** Given the similarities in the objectives of both of these schemes, the Working Group examined whether there is still a need for two separate payments to cater for the contingency of long-term illness and disability.

Are there different contingencies involved?

As the Invalidity Pension is not based on the severity of the incapacity or the level of the loss of employment or earnings capacity, no clear distinction could be found between the contingencies covered by long-duration DB and Invalidity Pension. This position might change if the assumption underlying the contingency of invalidity changed such as to that which is more prevalent in many EU Member States, i.e. loss of employment/earnings capacity.

Are there different medical criteria involved?

There is no difference in the medical criteria involved. Invalidity Pension is based on the likely duration of the medical condition and not on the nature of the medical condition itself.

Are different levels of incapacity for work or loss of earnings capacity required?

Under both long-duration DB and Invalidity Pension the claimant must be totally incapable of any work. Loss of earnings capacity is not taken into account under either scheme.

Are different levels of income support required?

While the Invalidity Pension scheme as originally introduced was paid at the same rate as DB, it is now paid at a higher rate in recognition of the fact that those who are long-term dependent on social welfare payments require additional support. However, this in itself is not a justification for a separate payment scheme, as it would be possible to pay DB at higher rates for those considered to be long-term dependent.¹⁴³

Are different employment support measures required?

As is indicated in Chapter 9: Strengthening Employment Support Activities, the Working Group is proposing a similar set of employment supports for Invalidity Pensioners and for long-duration DB recipients.

Are different payment methods required?

Originally one of the reasons for the introduction of the Invalidity Pension scheme was to provide income support to those who are long-term ill and with disabilities on a more cost effective basis, i.e. through pension orders encashable at Post Offices rather than by way of weekly cheques. Such an option was not available under the DB scheme at that time. However, with the developments that have taken place over the years, it is now possible to provide long-duration DB recipients with similar payment options to those that apply in the case of Invalidity Pension.

Are we bound by international obligations to have a specific Invalidity Pension scheme?

While we are obliged under a number of international agreements and conventions to provide income support for the contingency of invalidity, none of these conventions require that a specific “Invalidity Pension” scheme be introduced. These international obligations can be accommodated once there is a social security payment, regardless of its name, that caters for the relevant contingency and that meets the relevant standards set.

- 11.6.4** While the Invalidity Pension has, over the years, developed a number of differences with the long-duration DB scheme, in the light of its examination of the two schemes, *the Working Group is clearly of the view that there are no fundamental distinguishing features between eligibility for both schemes*. In addition, it is difficult to find any different income support needs between the two groups. For instance, does a person who has been in receipt of DB for more than a year, but who has been assessed as being likely to return to work within a year, have any lesser income maintenance needs than a person in the same situation who is assessed as being likely to remain incapable of work for a further year? While it could be argued that a person with a more severe illness or disability has additional income support needs, the current distinction between long-duration DB and Invalidity Pension is not based on the severity of the incapacity, but on its likely duration.

11.7 Options for Ways Forward

- 11.7.1** When the Invalidity Pension scheme was originally introduced in 1970, it was closely related to the DB scheme. Essentially it was DB paid in the form of a weekly pension rather than by way of a weekly cheque. However, in the intervening years, the Invalidity Pension scheme has moved away from the DB scheme, although it is considered that it has not become sufficiently

¹⁴³ Similar to the position that applied under the Unemployment Assistance scheme until 2002.

removed so that it now constitutes a separate and distinct contingency. This partially completed separation between the DB and Invalidity Pension claim loads is at the heart of the difficulties which were identified earlier.

11.7.2 In examining this issue, the Working Group sought to address these difficulties. In particular, the Group considered whether the two schemes should be integrated, as it had recommended in the case of other illness and disability payment schemes. The Working Group recognised that the issues involved were complex and that some options would require very significant administrative changes and other amendments. In fact, there might be a considerable trade-off between the administrative feasibility of certain approaches and their ability to address the range of difficulties identified.

11.7.3 At a strategic level, the Group considered three alternative approaches for addressing the difficulties identified with the current system. Each of these has considerably different administrative implications, and addresses the difficulties raised earlier to a greater or lesser extent. These are -

- A. Leaving the current arrangements largely unchanged with the possibility of making a number of changes to remove anomalies and inconsistencies, where possible*
- B. The introduction of a clearer definition of what constitutes "permanent" incapacity/invalidity, including the possibility of –*
 - basing entitlement to Invalidity Pension on the level of the loss of employment capacity or loss of earnings potential instead of incapacity for work, and/or*
 - limiting the duration of payment of DB*
- C. The integration of the Invalidity Pension and the DB schemes into a single scheme which would deal with both short-term and long-term incapacity for work*

Option A: Leave Current Arrangements Unchanged

11.7.4 By definition, this option would have few administrative implications, but would not in turn address the difficulties which have been raised earlier. It is possible that a number of anomalies or inconsistencies could be addressed with minimal administrative implications. For example, the implementation of the Working Group's recommendations to discontinue the differences in the tax treatment as between long-duration DB and Invalidity Pension and in relation to concurrent payments could go some way towards reducing the current overlaps between these two schemes.¹⁴⁴ In addition, the introduction of clearer guidelines for the purposes of determining whether a person is likely to remain incapable of work for a further year from the date of claim may lead to a more transparent system for transferring between DB and Invalidity Pension.

¹⁴⁴ See paragraphs 11.5.12 to 11.5.15.

Option B: Introduce Clearer Definition of Long-Term Incapacity/Invalidity

11.7.5 This option is based on the assumption that the difficulties referred to in section 11.5 above arise out of the lack of a clarity in relation to “permanent incapacity for work” and can therefore, be best addressed by measures which make a clear distinction in the conditions between DB and Invalidity Pension. Such measures could include, for instance –

- basing entitlement to Invalidity Pension on the level of loss of employment capacity or loss of earnings potential instead of incapacity for work, and/or
- limiting the duration of payment of DB and, at the same time, introducing a more transparent system for transferring from DB to Invalidity Pension.

11.7.6 The question of basing entitlement to Invalidity Pension on the level of loss of employment capacity or loss of earnings potential is examined separately by the Working Group in the context of addressing the incentives and disincentives to taking up employment and training opportunities.¹⁴⁵ In this regard, the Working Group concluded that such an approach is more appropriate to a social security system that provides earnings-related benefits. It is considered that there is less latitude within the Irish system for linking the degree of incapacity/disability to the level of payment, as it operates on the basis of flat-rate benefits and the level of reduced benefit may not therefore, be adequate to replace the earnings reduction.

11.7.7 Any proposal to limit the duration of DB, e.g. to 12 months, 15 months, 2 years etc., would have to be accompanied by a clarification of the definition of what constitutes invalidity, in order that there would be a more transparent system for transferring between DB and Invalidity Pension. However, it has not been possible to come up with such a definition. Indeed, the problems involved in trying to more clearly define what constitutes invalidity and permanent incapacity are not confined to this country. As is highlighted in section 11.4 above, this is an issue that causes problems for many other social security systems, with no system having yet fully resolved all of the difficulties involved.¹⁴⁶

Option C: Integration between Invalidity Pension and DB schemes

11.7.8 Option C involves the eventual integration of the current DB and Invalidity Pension schemes into a single scheme to cater for the needs of those who are short-term ill and those who are long-term ill or disabled. It is recognised that the adoption of this approach would, from an administrative point of view, be the most complex and would have to be contingent on a number of key issues being addressed in the first instance, i.e. –

- An appropriate and consistent set of employment support measures would first have to be implemented, as recommended by the Working Group in Chapter 9;
- The difficulties posed by the provision of additional benefits, including the “Free” schemes to this group, as outlined in Chapter 8, paragraphs 8.3.24 to 8.3.32, would need to be resolved; and
- The current operation of the medical assessment system would need to be reviewed.

¹⁴⁵ See paragraphs 9.3.1 and 9.3.2.

¹⁴⁶ The National Pensions Board examined the issue of the overlap between DB and Invalidity Pension. While recognising that there was a clear need for rationalisation of these schemes, the Board could not agree on how this should be achieved. A majority recommended that the Invalidity Pension scheme should be the main scheme for providing income to insured persons in the event of permanent incapacity for work and that entitlement to DB should cease with effect from the end of the second year of incapacity. This approach would also necessitate the introduction of a clearer definition of what constitutes invalidity/permanent incapacity for work. However, the National Pensions Board was not able to resolve this central issue. See *Developing the National Pension System: Final Report of the National Pensions Board*, 146-147.

11.7.9 In addition, there are a number of specific issues which would need to be addressed. For instance –

- Should the level of payment be differentiated according to duration and, if so, at what duration and what would be the appropriate differential?
- The operational aspects for the administration of the “merged” payment would need to be fully considered.
- What would be the frequency of medical certification and medical assessment for recipients of the “merged” scheme?
- Would it be possible, within the structure of a “merged” payment to continue to comply with the minimum standards set out in various international agreements and conventions as regards the levels of payment of sickness benefits and invalidity pensions?

11.7.10 This option would also be accompanied by a renaming of the “merged” payment to more accurately reflect the nature of the contingency involved (see Chapter 15, section 15.5).

11.8 Conclusion of Working Group

11.8.1 In the light of the various issues identified in this Chapter, it is considered that the income maintenance needs of people who are sick and people with disabilities and their dependants should be met in ways that recognise their diverse needs, in particular in relation to improving their access to suitable labour market interventions. The Working Group therefore agreed that while the minor modifications to the current arrangements (Option A) were worthwhile in their own right, they would not fundamentally address existing anomalies and inconsistencies, or meet other desirable objectives such as providing support for persons on Invalidity Pension to take up some employment opportunities. However, *the Group were not in a position to agree on which of the remaining two options provided the best way forward.*

11.8.2 Some members of the Group felt that Option B provided the best approach to dealing with the difficulties referred to earlier. This approach would, it is argued, be consistent with and develop the separation first effected in 1970 between the Invalidity Pension and DB schemes. It was argued that there were significant differences between the Invalidity Pension and long-duration DB populations. These differences could be recognised by introducing greater clarity into what constitutes long-term and permanent incapacity and by removing the possibility of two schemes providing income support for long-term incapacity by restricting duration for DB. It was felt that this approach would require less administrative changes than Option C and would be easier to implement.

11.8.3 Other members of the Working Group considered that, in principle, the integration of the DB and Invalidity Pension schemes (Option C) offered the best option for addressing the problems with the current arrangements, as it would avoid many of the difficulties which have arisen since the introduction of the separate Invalidity Pension scheme, e.g. many people on long-duration DB for many years and who are unlikely to return to work cannot gain access to Invalidity Pension. While it was recognised that initially it might be more administratively complex than the other options, in the longer term, both the administration of the scheme and

the ease of understanding for the customer would offset this. It could also lead to some administrative savings in the longer term, although the precise nature of these savings would have to be calculated in the context of the review of the medical assessment system referred to in paragraph 11.7.8.

11.8.4 It is envisaged that were Option C to be progressed, it would be predicated on the resolution, in the first instance, of the three key issues identified in paragraph 11.7.8 above. Given the potential difficulties in attempting to resolve these key issues and the other questions that are raised in paragraph 11.7.9, the Working Group considers that all of these issues would be better and more appropriately addressed in the context of a more in-depth review of this area.

11.8.5 Finally, in the light of the various issues raised in its examination of this area, and regardless of which of the three options is agreed, *the Working Group also considers that an examination of the operation of the medical review and assessment system for the illness and disability payments is warranted and that this should form the basis of a separate review.* It was noted that the Department of Health and Children is also considering a review of the medical assessment system which applies to the various health allowances, e.g. mobility allowance, motorised transport grant etc. In the circumstances, the Working Group considers that any review of the DSFA medical assessment system should have regard to the proposed review of the health allowances.

Table 11.1: Comparison Between Long-Duration DB and Invalidity Pension Schemes

	Disability Benefit	Invalidity Pension
Medical Conditions	<ul style="list-style-type: none"> • Incapable of work by reason of some specific disease or bodily or mental disablement • Entitlement to DB is initially based on the person's incapacity to do their current job. However, depending on the nature and duration of the illness, entitlement will eventually be based on the person's incapacity for all types of work. 	<ul style="list-style-type: none"> • Incapable of work by reason of some specific disease or bodily or mental disablement which is of such a nature that the likelihood is that the person will be incapable of work for life or which has existed continuously for 12 months prior to the date of claim and where the Deciding Officer or Appeals Officer is satisfied that the person is likely to be unable to work for 1 year from the date of the claim. • People aged 60 years and over with a demonstrated underlying incapacity are normally taken as meeting the above conditions for Invalidity Pension purposes. • Entitlement is based on the person's incapacity to do all types of work.
Contribution Conditions	<ul style="list-style-type: none"> • 39 paid PRSI contributions and 39 paid or credited contributions in relevant tax year, of which 13 must be paid, <i>or</i> • 26 paid PRSI contributions in relevant tax year and 26 paid PRSI contributions in tax year immediately before relevant tax year • Satisfaction of either of the above requirements gives entitlement to DB for 1 year. For entitlement beyond 1 year a person must also have a total of 260 paid contributions. 	<ul style="list-style-type: none"> • 260 paid PRSI contributions and 48 paid or credited contributions in relevant tax year
Weekly Rates of Payment	<p>Maximum Rates:</p> <p>Personal: €124.80</p> <p>QAA: €82.80</p> <p>CDA: €16.80</p> <p>Graduated Rates:</p> <p>Personal: €56.10</p> <p>€80.60</p> <p>€97.80</p> <p>QAA: €53.70</p> <p>CDA: €16.80</p>	<p>Personal</p> <p>Under 65: €130.30</p> <p>Over 65: €157.30</p> <p>QAA</p> <p>Under 66: €93.00</p> <p>Over 66: €113.10</p> <p>CDA: €19.30</p> <p>Living Alone Allowance: €7.70</p> <p>Over 80 Allowance: €6.40</p> <p>Island Allowance: €12.70</p>

	Disability Benefit	Invalidity Pension
Age	<ul style="list-style-type: none"> Minimum age is effectively 16 years and 9 months for entitlement to DB for up to 1 year. For entitlement beyond 1 year the minimum age is effectively 21 years. Upper age is 66 years 	<ul style="list-style-type: none"> Minimum age is effectively 21 years No upper age limit
Additional Benefits	<ul style="list-style-type: none"> Smokeless Fuel Allowance 	<ul style="list-style-type: none"> Smokeless Fuel Allowance Fuel Allowance Free Travel, Free Electricity Allowance, Free TV Licence, Free Telephone Rental Allowance Christmas Bonus
Paid in addition to other SW payments	<ul style="list-style-type: none"> Can be paid in full in addition to Blind Person's Pension, Orphan's Pension and Disablement Pension. Can be paid at 1/2 rate in addition to OFP, Widow/er's Pensions and analogous payments for up to 15 months. 	<ul style="list-style-type: none"> Can be paid in full in addition to Disablement Pension
Taxation	<ul style="list-style-type: none"> First 6 weeks exempt in each tax year, taxable after that. CDA's not taxable 	<ul style="list-style-type: none"> Fully taxable
Employment Supports Available	<ul style="list-style-type: none"> Exemptions from the Rules of Behaviour under which a DB recipient can undertake part-time work of a rehabilitative or therapeutic nature or occupational retraining. Back to Work Allowance (after 3 years on DB) Back to Education Allowance (after 3 years on DB) 	<ul style="list-style-type: none"> Exemptions from the Rules of Behaviour under which an Invalidity Pensioner can undertake work of a rehabilitative or therapeutic nature or occupational retraining. Back to Work Allowance (after 15 months on Invalidity Pension. 12 months if aged 50 or over) Back to Education Allowance (after 6 months on Invalidity Pension) Employers' PRSI Exemption Scheme

Chapter

12 OVERLAP BETWEEN DISABILITY ALLOWANCE AND BLIND PERSON'S PENSION

12.1 Introduction

12.1.1 The final area of duplication examined by the Working Group occurs in the case of the means tested payments for people with disabilities. Under the current arrangements there are two such payments - Disability Allowance (DA) and Blind Person's Pension (BPP), both of which are payable where an individual's employment capacity is substantially restricted as a result of their disability. While BPP is directed towards people with one specific disability, i.e. those who are visually impaired, the DA scheme covers all long-term illnesses and disabilities which are deemed to substantially handicap individuals in taking up suitable employment, including visual impairment.

12.1.2 This chapter examines the similarities and differences between the two schemes. In the light of the Working Group's identification of the need to improve effectiveness through rationalisation so as to make the overall system simpler and more consistent, the Group also examines whether there is scope to amalgamate these two schemes.¹⁴⁷

12.2 Social Assistance Payments for People with Disabilities

12.2.1 Details on the background to the introduction of the Disability Allowance and Blind Person's Pension schemes are set out in sections 5 and 6 of Appendix II. The introduction of the Blind Person's Pension under the Blind Persons Act of 1920 represented the first specific means-tested payment for people with disabilities. However, it was not until the introduction of the Disabled Person's Maintenance Allowance scheme in 1953 that a specific means-tested payment was introduced to cater for the needs of disabled people generally who are being cared for in the community.¹⁴⁸

Blind Person's Pension

12.2.2 The Blind Person's Pension scheme is also the only social welfare payment that has been introduced to cater solely for one particular type of illness or disability. This pension was originally available from 50 years of age to people who, because of visual impairment, were unable to perform any work for which eyesight was essential. The original qualifying age was progressively reduced to 18 years and the qualifying condition was amended to apply to people who, because of visual impairment, are unable to perform any work for which eyesight is essential or cannot continue in their ordinary occupation. The Blind Person's Pension was modelled on the Old Age Non-Contributory Pension scheme which was then in operation, but was paid 20 years earlier at 50 years, as opposed to the general pension age applying at that time - 70 years. The operation of this pension still continues to be closely aligned to the Old Age Non-Contributory Pension scheme, with the legislation effectively providing for the payment of an old age pension at an earlier age in the case of blind people, i.e. 18 years instead of 66 years.¹⁴⁹

¹⁴⁷ See Chapter 6, paragraph 6.8.1.

¹⁴⁸ This payment did not and still, in many cases, does not cater for people with disabilities maintained in institutions. See Chapter 14, section 14.3.

¹⁴⁹ Section 141 of the Social Welfare (Consolidation) Act, 1993.

12.3 Separate Provision for Blind People

12.3.1 The Working Group noted that over the years specific and more preferential treatment has been provided to blind people as compared with other people with disabilities, not alone in the case of social welfare provision but also in the case of other State services. For instance –

- in addition to the introduction of a means tested pension for blind people, the 1920 Blind Persons Act also provided for a range of other measures for the welfare of blind people, including the introduction of a supplementary allowance – *Blind Welfare Allowance* – which is paid in addition to the Blind Person’s Pension in the case of unemployable blind people living in the community (see section 12.7 below).
- The *Free Travel Pass* is available to all blind people, regardless of their age or whether they are in receipt of a relevant social welfare payment. The Free Travel Pass is only available to other people with disabilities aged under 66 years where they are entitled to a relevant social welfare payment.
- There is a specific *income tax credit* available to blind people which is not available to any other category of people with disabilities.

12.3.2 A number of arguments for the separate and more preferential treatment of blind people were put forward during the course of the parliamentary debates on the introduction of this pension. For instance, the circumstances of blind people generally had come more to the fore of public consciousness after World War 1 and blindness was at that time regarded as being “*the greatest affliction that ever beset humanity*.”¹⁵⁰

12.3.3 As the provisions of the Blind Persons Act 1920 applied to both the UK and Ireland, the Working Group considered it useful to examine the scheme’s subsequent development in the UK. While arguing that the needs of blind people should be dealt with within the general framework of a reformed social security system in the UK, the Beveridge Report nevertheless, noted that blindness required special consideration apart from general disability on the grounds that –

- Blindness is a handicap not only in earning but in all occupations, including working in the home. Even if in most cases this produces no need for cash income, additional to the earnings of the breadwinner, it may do so in some cases;
- Blindness is a handicap not only in employment, but also in other aspects of life. The needs of a totally incapacitated blind person may be more than those of many other, though not all, people with disabilities;
- Blindness may not wholly prevent earnings capacity and should not be treated on the assumption that it means total loss of earning power. Some kind of provision for partial incapacity is required;
- The special provision needed by blind people is not limited to the requirement of a cash provision. This provision extends to the treatment and welfare of blind people and the provision of specialist institutions.¹⁵¹

It was noted that under the provisions of the National Assistance Act, 1948, the Blind Person’s Pension was abolished in the UK and replaced with a general means-tested payment – National Assistance. This assistance was payable at a higher rate to blind people than was payable generally.

¹⁵⁰ House of Commons, *Parliamentary Debates*, Volume 129, 10 May 1920 to 4 June 1920 (London: H.M.S.O., 1920), column 981.

¹⁵¹ Beveridge, William, *Social Insurance and Allied Services* (London: H.M.S.O., 1942), 68-69.

12.3.4 While it is recognised that blindness is a particularly severe form of disability, the Working Group nevertheless, considers that there are other conditions that are equally, if not more, disabling. In the circumstances, it is difficult to justify a social assistance system which provides support on the basis of the particular type of disability a person has, rather than on the basis of actual needs arising as a consequence of that disability.¹⁵²

12.3.5 The Working Group noted that the number of blind pensioners has been steadily declining over the years. This is due to a number of factors, including developments in the treatments available. Blindness is now more likely to occur later on in life and this means that many people who lose their sight will have been in employment and will have built up an entitlement to social insurance payments such as Disability Benefit or Invalidity Pension, rather than having to rely on the means-tested BPP. In addition, those aged 66 and over who become visually impaired will already be eligible for old age and analogous pensions.

12.4 Comparison between DA and BPP Schemes

12.4.1 A detailed description of the DA and BPP schemes is set out in sections 4 and 5 of Appendix III. In addition, Table 3 of that Appendix compares the main conditions applying under each scheme.

Similarities

12.4.2 The following similarities occur between the two schemes –

- The qualifying criteria are broadly similar, i.e. the two schemes apply to people with disabilities whose employment capacity is substantially restricted because of their disability;
- The rates of payment are broadly the same under both schemes. For instance, DA is only payable to those aged under 66 years. The personal and Qualified Adult rates of BPP and DA for those aged under 66 are identical, as are the increases for qualified children;
- DA recipients will generally qualify for the Old Age Non-Contributory Pension at 66 years, which is the same as the BPP for those aged over 66;
- Earnings from rehabilitative employment and self-employment are treated similarly under both schemes, i.e. the first €120 of weekly earnings is disregarded;
- Capital is assessed in the same way;
- The same range of additional benefits are available under both schemes, e.g. the “Free” schemes, Living Alone Allowance, Christmas Bonus;
- The same employment, training and educational support measures apply to both schemes, e.g. Back to Work and Back to Education Allowances, FÁS Training Allowances etc.

¹⁵² This approach is in line with the views outlined in Department of Health, *Towards A Full Life: Green Paper on Services for Disabled People* (Dublin: The Stationery Office, 1984), 72 -73, the Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986), 363-365 and Commission on the Status of People with Disabilities, *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities* (Dublin: The Stationery Office, 1996), 123-129.

Differences

12.4.3 The main differences between the two schemes relate to the fact that a number of other social welfare payments can be paid concurrently with BPP but not with DA and differences in the operation of the means test (see paragraphs 12.4.4 to 12.4.6 below). Other differences are as follows –

- The increase of BPP for a Qualified Adult Allowance is €12.40 higher than that payable with DA where the qualified adult is aged 66 or over;
- DA is paid from 16 years, while BPP is paid from 18 years;
- DA is not, in general, paid to people who entered full time residential care before August, 1999, whereas BPP is paid irrespective of the person's residency;
- DA is not taxable. BPP is treated as taxable income, although if this is a person's only income it would not be liable for tax.

There are also significantly different trends in the numbers claiming both payments. Since the take-over of the DA scheme in 1996, the numbers have increased by 82% to 62,800 in 2002. In the same period the number of recipients of BPP has fallen by 15% to 2,100.

Overlapping Benefits

12.4.4 The main area of difference between the BPP and DA schemes is the fact that a range of other social welfare payments can be paid in addition to the Blind Person's Pension, where the blind person is aged under 66 years. For instance, a blind pensioner who has sufficient PRSI contributions may also be entitled to receive any of the short-term social insurance payments, such as Disability, Injury, Unemployment, Maternity, Adoptive and Health and Safety Benefit. In addition a blind pensioner aged under 66 years can also concurrently receive Widow/er's and Orphans Pensions, One Parent Family Payment or analogous payments. Disablement Pension is the only payment that can be paid in addition to DA (this pension is also payable concurrently with BPP, regardless of the person's age).

Means Tests

12.4.5 The second principal area of difference is in the method of assessing means. The most significant difference in the blind pension means test is that in the case of a couple, only half of the joint means are assessed (known as moiety). In the case of a DA couple the joint means are, in general, assessed in full (although only half of spousal earnings are assessed). Another area of difference relates to the initial means disregard. In the case of the BPP scheme, the first €7.60 of weekly means is disregarded. Under the DA scheme, the first €2.50 of weekly means is disregarded.

12.4.6 There are a number of other minor differences in the income disregards. For instance, there are different arrangements for disregarding various old Army Pensions as well as income from seasonal fishing and working as a Home Help. However, these disregards normally have little relevance for people with disabilities. There are also additional weekly earnings disregards available under the BPP scheme where the blind person has earnings from non-rehabilitative employment.¹⁵³ In practice however, most employment is regarded as being rehabilitative for the purposes of the BPP scheme and the weekly rehabilitative earnings disregard would apply. In such cases the €120 weekly rehabilitative earnings disregard is far more beneficial than the non-rehabilitative earnings disregards.

¹⁵³ The following additional earnings disregards are available under the BPP scheme - €7.62 a week in the case of the claimant, €5.08 in respect of the spouse and €2.54 a week in respect of each qualified child.

12.5 Working Group's Views on Potential Merger of BPP and DA Schemes

12.5.1 Despite the differences in the two schemes, the Working Group noted that, in practice, the majority of claimants are entitled to the same level of benefit under both schemes. In the circumstances, the Working Group considers that there are strong arguments in favour of the merger of these two means-tested payments for people with disabilities. Apart from the simplification of the system, the merger of the two schemes would also mean that all people with disabilities applying for assistance would be treated in a similar manner, regardless of the nature of their disability. This would be in line with the views of the Commission on the Status of People with Disabilities, which recommended a single comprehensive income maintenance payment for all people with disabilities. Having recommended that the 2 schemes should be merged, the Working Group went on to examine the different elements of each of the two schemes to see which one would be best suited to the needs of people with disabilities.

Overlapping Benefits

12.5.2 As a general principle the social welfare code provides that where a person is entitled to more than one income maintenance payment at any time, then only one such payment can be paid. There are a limited number of exceptions to this principle, including the concurrent payment of DB, UB etc. with Blind Person's Pension. However, the Working Group was unable to find any convincing reasons for the concurrent payment of other weekly income maintenance payments with the Blind Person's Pension.

12.5.3 The Working Group noted that the original legislation dealing with overlapping benefits in general allowed for all payments to be claimed concurrently. Situations where concurrent payment was not allowed were individually legislated for.¹⁵⁴ Under these arrangements, each possible combination of benefits had to be specifically legislated against and it would appear therefore, that many of the concurrent payments allowed at present arose by way of omission rather than design. This appears to be the position in the case of the overlaps which are allowed with the Blind Person's Pension.

12.5.4 A survey of the BPP recipients aged under 66 years showed that 17% were also in receipt of another social welfare payment. The vast majority of these were in receipt of Disability Benefit (13%). A further 3.5% were in receipt of Widows Contributory and Non-Contributory Pensions and analogous payments¹⁵⁵, while the balance were in receipt of Unemployment Benefit.

12.5.5 It was also noted that in the vast majority of cases (70%) where DB is being claimed concurrently with BPP, payment of DB commenced before the BPP was awarded. In a number of these cases people who have entitlement to Invalidity Pension did not claim that pension and others who were in receipt of Invalidity Pension reverted to DB in order to receive BPP concurrently.

12.5.6 *The Working Group was of the view that, from an income support perspective, social welfare rates which provide an adequate standard of living would obviate any justification for the continuation of concurrent entitlements.* In this regard, the Working Group notes the various

¹⁵⁴ This arrangement may have been appropriate at the time the social welfare system was first established when there were only a small number of schemes. However, as the system developed and more and more new schemes were introduced, the number of possible combinations of concurrent entitlement increased significantly.

¹⁵⁵ One-Parent Family Payment, Deserted Wife's Benefit and Allowance.

commitments in the Review of NAPS, the Agreed Programme for Government and Sustaining Progress to achieve a rate of €150 a week in 2002 terms (by 2007) for the lowest social welfare rates.

Means Tests

- 12.5.7** As DA is only paid up to 66 years, at which age the person becomes entitled to the Old Age Non-Contributory Pension, the differences in the means tests outlined above only have any significance in relation to blind pensioners aged under 66 years (approx. 1,530 people). For single people, the main difference between the means tests is in the level of the initial disregard. If the disregard was aligned to the current level of the DA disregard then all those on reduced rate Blind Pensions and some on the maximum rate would lose out by between €2.50 and €7.50 a week. Approximately 7% of blind pensioners (some 110 people) are aged under 66 years and on reduced rate pensions. If on the other hand the disregard was aligned to the level of the BPP disregard then all those on reduced rate DA payments would be better off by between €2.50 and €7.50 a week. About 11% of DA recipients (some 7,200 people) are on reduced rate payments and the additional cost of increasing the DA initial means disregard would amount to some €1.9m. a year.
- 12.5.8** The other main difference in the means tests occurs in the operation of the moiety rule in the case of the BPP, whereby the means of one of a couple is assessed as half of the joint means of the couple. The operation of the moiety rule can lead to many blind pensioner couples being treated more favourably than DA couples. However, where the spouse has earnings from employment, couples are generally treated more favourably under the DA means test. The operation of the moiety rule also significantly increases the amount of capital which a blind pensioner couple can have and qualify for the maximum and minimum rates of payment.
- 12.5.9** As only 3.5% of blind pensioners aged under 66 years (some 60 cases) are married and have means, this is the maximum potential number of blind pensioners who could be adversely affected by a change to the DA means test. However, some of these will have spousal earnings and may be better off under the DA means test.
- 12.5.10** While it is recognised that there are a number of positive features to the means test attaching to the BPP scheme, it was nevertheless acknowledged that this means test was essentially designed to cater for situations of couples where one is the breadwinner and the other is a stay-at-home spouse. In view of the fact that the main differences between the DA and BPP means tests relate to the treatment of married couples and given the current participation rates of married women in the workforce, the Working Group considers that the DA means test better reflects current demographic and labour force realities.
- 12.5.11** There are a number of other minor differences in the two schemes, mainly related to the operation of the means tests, which could be addressed in the event of a decision being taken to merge the schemes.

Taxation Issues

- 12.5.12** The Working Group noted that different tax treatment applies in the case of income from the Disability Allowance and the Blind Person's Pension schemes. For instance, the Disability Allowance is not taxable. However, while the Blind Person's Pension is liable for tax, there are special tax credits of €800 for a single person and €1,600 for blind couples, in addition to the normal tax credits. This means that, in practice, blind pensioners are unlikely to have income above the thresholds at which tax applies.

12.6 Conclusions

- 12.6.1** *The Working Group considers that there should be one single means-tested payment for people with disabilities, regardless of the nature of their disability. As the Disability Allowance scheme better reflects the needs of people with disabilities, it is recommended that the Blind Person's Pension scheme be merged into an adapted DA scheme. Any existing blind pensioners who would be better off under the DA arrangements would have their payments increased, while those who would be adversely affected would have their existing entitlements preserved for the duration of their claims.*

- 12.6.2** While the Working Group is also recommending the abolition of concurrent entitlements for blind pensioners, it nevertheless, recognises that such a move could adversely affect many existing blind pensioners, some of whom have been in this position for many years. In the circumstances, the Working Group recommends that the abolition of concurrent entitlements should apply to new claimants only, with existing claimants having their concurrent entitlements preserved for as long as they continue to be entitled to both payments. As has been highlighted elsewhere in this report, a Working Group has been established under the Programme for Prosperity and Fairness to examine the feasibility of the introduction of a Cost of Disability Payment. *The position of those with "preserved" entitlement to concurrent payments should be reviewed in the event of provision being made in the future for the additional costs of disability.*

- 12.6.3** The differences in the lower qualifying ages and the residency restrictions are addressed separately in Chapters 14 and 15.

12.7 Blind Welfare Allowance

- 12.7.1** In examining the range of payments which are relevant to this review of income maintenance payments for people who are ill and people with disabilities, the Working Group also looked at the Blind Welfare Allowance payable by the Health Boards. However, the Working Group had difficulty in establishing the exact purpose of this payment. It was noted that the introduction of the Blind Welfare Allowance formed part of a wider package of measures for the welfare of blind people introduced under the provisions of the Blind Persons Act, 1920. These measures included –

- the provision of employment and training supports for blind people;
- provision for their maintenance in hostels;

- provision for the maintenance of blind people who were incapable of work in approved homes; and
- the introduction of the Blind Person's Pension scheme for blind people aged 50 years and over.

12.7.2 The Blind Welfare Allowance originally provided cash assistance for necessitous and unemployable blind people who were not being maintained in institutions. It would appear that, to some extent, this allowance aimed to provide assistance for blind people living in the community and to whom none of the other welfare provisions outlined above applied, i.e. blind people aged under 50 years who were not able to work or benefit from the employment and training supports and who were not being maintained in an institution. However, following the subsequent lowering of the qualifying age for entitlement to the Blind Person's Pension to 18 years and other developments for blind people generally, the current purpose of the Blind Welfare Allowance is not clear.

12.7.3 Arising from variations in the rates of Blind Welfare Allowance payable in different areas, a review of the scheme was undertaken in the early 1950s and it was decided that, in view of the special position of the blind, an income level roughly equating to 125% of the Unemployment Assistance rate should apply to blind persons. The Working Group noted that this supplement now amounts to about 31% of the single rate of Unemployment Assistance and 37% of the couple rate.

Working Group's Views on the Future of Blind Welfare Allowance

12.7.4 The Blind Welfare Allowance is paid as a supplement to other social welfare payments to unemployed blind people. It is differentiated according to the family circumstances, i.e. there is a personal rate, a couple rate and increases for dependent children. However, this allowance is not paid where the claimant is not in receipt of a social welfare payment, e.g. where their income is slightly above the thresholds for means-tested payments such as DA or Blind Person's Pension.

12.7.5 Unlike the downward trend in the number of people claiming the Blind Person's Pension, the numbers receiving Blind Welfare Allowance have been increasing in recent years. For example, while the numbers on Blind Person's Pension have fallen by 15% to 2,100 between 1996 and 2002, the numbers on Blind Welfare Allowance have increased by 32% during the same period to 2,030. The Working Group was not able to establish the exact numbers of recipients of Blind Welfare Allowance who were also in receipt of BPP. It would appear that the majority of recipients of Blind Welfare Allowance are in receipt of some other social welfare payment, most of whom would be getting BPP. However, the numbers on other social welfare payments have been increasing over recent years.

12.7.6 The Working Group noted that the Commission on Health Funding had previously considered this allowance to be an income maintenance payment and recommended that it should be transferred to the Department of Social Welfare.¹⁵⁶ The Commission on Health Funding cited the recommendations of the Commission on Social Welfare in support of its contention. However, it is noted that the Commission on Social Welfare did not recommend that the Blind Welfare Allowance be transferred to the Department of Social Welfare. Instead, it recommended that this

¹⁵⁶ Commission on Health Funding, *Report of the Commission on Health Funding* (Dublin: The Stationery Office, 1989), 367.

allowance should be phased out as the basic social welfare payment was increased, in line with their recommendations for the achievement of adequate rates of payment, with any special income needs of blind people being catered for under their proposals for a reformed Supplementary Welfare Allowance scheme.¹⁵⁷ No action has been taken on foot of either of the above Commissions' recommendations.

- 12.7.7** In view of the fact that receipt of a social welfare payment is, in the majority of cases, a prerequisite for receipt of the Blind Welfare Allowance, it has been argued that there is a strong case for both payments to be operated by the same organisation, so as to avoid unnecessary duplication of administrative effort.
- 12.7.8** Having regard to all of the factors, the Working Group considers that, on balance, the current purpose of the Blind Welfare Allowance is to provide additional financial support to people who are blind. Accordingly, as it represents a payment in recognition of the additional costs associated with blindness, it corresponds to a Cost of Disability type payment rather than an income maintenance payment. This view is also supported by the findings of the National Health Board Review Group.¹⁵⁸
- 12.7.9** The Working Group has already agreed with the approach adopted by the Commission on the Status of People with Disabilities in this area, i.e. that needs arising from the additional costs associated with disability should be met separately from income maintenance needs. There are many complicated issues which need to be addressed in any consideration of how best to meet the additional costs of disability and these are currently being explored by the PPF Group examining the feasibility of introducing a Cost of Disability Payment. *The Working Group is of the view that, if following the deliberations of the PPF Group, any new arrangements are introduced to address the additional costs of disability, then the future role of the Blind Welfare Allowance would have to be considered in the light of such arrangements.*

¹⁵⁷ Report of the Commission on Social Welfare, 349 and 365.

¹⁵⁸ National Health Board Review Group, Report of the National Health Board Review Group on Department of Health and Children Disability Allowances and Grant Schemes (Dublin: National Health Board Review Group, 2002), 3.

Chapter

13 IS THERE A NEED FOR A SEPARATE SICKNESS ALLOWANCE SCHEME?

13.1 Introduction

13.1.1 While the previous 3 Chapters (10 to 12) address areas of duplication, in this and the following 2 Chapters we examine a number of other issues concerned with improving the overall effectiveness of the system, i.e. issues of comprehensiveness and consistency. These are also key issues identified by the Commission on Social Welfare to be addressed in reforming the social welfare system.¹⁵⁹ This Chapter examines the comprehensiveness of social assistance provision in supporting people who are ill and people with disabilities.

13.1.2 The social welfare system comprises a range of social insurance and social assistance programmes to meet the financial needs of people at certain stages of their lives, such as in times of illness, unemployment, old age etc. The Commission on the Status of People with Disabilities highlighted that the system of income support for people who are ill and people with disabilities has been fragmented and lacking co-ordination.¹⁶⁰ While the *social insurance system* provides a range of benefits to cater for people who are temporarily ill and those with more long-term illnesses and disabilities, the *social assistance system* has, until recent years, provided little specific cover in this area. Following the take-over of the DPMA scheme by the Department of Social and Family Affairs in October 1996, the social assistance needs of people with long-term illnesses and disabilities are now generally met through the Disability Allowance scheme.¹⁶¹ However, there is still a lack of specific social assistance cover for periods of temporary illness or disability.¹⁶² Instead, the income needs of people falling into this category are currently catered for through the Supplementary Welfare Allowance (SWA) scheme.

13.1.3 The SWA scheme was originally designed to provide a residual and support role within the overall income maintenance structure and is not considered by many to be an appropriate income support mechanism for people in these circumstances. For instance, the Inter-Departmental Report on the Development of an Integrated Social Services System noted that people in this situation “are required, on the one hand to renew their applications on a weekly basis while, on the other hand, they are not subject to the Medical Referee regime which operates in relation to Disability Benefit. As a way of addressing these concerns, consideration should be given to reviewing the present arrangements for those who are unable to work due to illness or infirmity and who are without an insurance based entitlement. This review should also include the respective roles/overlaps between DPMA, Unemployment Assistance and SWA payments.”¹⁶³

¹⁵⁹ Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986), 125-126 and 164-168.

¹⁶⁰ Commission on the Status of People with Disabilities, *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities* (Dublin: The Stationery Office, 1996), 124.

¹⁶¹ The Blind Person's Pension scheme also provides social assistance support for a more limited group of people with disabilities.

¹⁶² The Infectious Diseases (Maintenance) Allowance payable by the Health Boards covers those who are unfit for work or prevented from working because of the contraction of an infectious disease. However, by its nature, this allowance is only paid in very limited circumstances, with no more than 10 to 15 people in receipt of payment at any particular time.

¹⁶³ Department of Social Welfare, *Inter-Departmental Report on the Development of an Integrated Social Services System* (Dublin: The Stationery Office, 1996), 58.

13.2 Proposals for the Introduction of a Sickness Allowance Scheme

Background

- 13.2.1** Following the transfer of responsibility for the DPMA scheme from the Health Boards to the Department of Social and Family Affairs in October, 1996, the question of filling this gap in the social welfare code was examined. Originally, this consideration focused on adapting the new Disability Allowance scheme to provide income support for those incapable of work due to illness or disability, in both the long and the short-term. However, as the new Disability Allowance scheme was, at that stage, still in the process of “bedding down”, it was decided that it would not be appropriate to make such fundamental changes to the scheme at that time and that temporary periods of illness should be catered for through the introduction of a separate scheme. Accordingly, it was decided to introduce a social assistance scheme - Sickness Allowance, for those who were incapable of work due to temporary illness, on the same lines as the Disability Benefit scheme under the social insurance system.
- 13.2.2** In addition, at the time the Sickness Allowance scheme was originally being considered, registered unemployment remained stubbornly high, despite an improved labour market situation. It was felt that some of those on the Live Register suffered from employability difficulties of such a nature that an unemployment payment might not have been the most appropriate response. Therefore, in addition to providing a more appropriate income support mechanism than the SWA scheme for those incapable of work due to temporary illness, it was also considered that the introduction of the Sickness Allowance scheme would provide a more suitable mechanism for dealing with people with significant employability problems, such as drug addiction, alcoholism, etc.¹⁶⁴

Sickness Allowance Scheme

- 13.2.3** The Social Welfare Act, 1997 provided for the introduction of the Sickness Allowance scheme. The broad outline of the scheme was set out in that Act, with the formulation of the details of the scheme being left to be considered in the context of drafting the necessary Regulations. The main conditions of entitlement for the Sickness Allowance scheme were largely based on those applying in the case of the Disability Benefit scheme, i.e. applicants must -

- Be aged over 18 years and under 66 years; and
- Be certified by their GP as being incapable for work due to illness or disability.

In addition, applicants must satisfy a means test. It was originally intended that the rates of payment would be the same as those applying in the case of the Unemployment Assistance scheme. Provision was therefore, made in the 1997 Act for the payment of two rates of Sickness Allowance - a short-term rate, payable for the first 15 months of illness, and a long-term rate payable after 15 months. This would have mirrored the payments structure under the Unemployment Assistance scheme. However, since January, 2002 the personal short-term rate of Unemployment Assistance (and also Supplementary Welfare Allowance) has been aligned with the long-term rate of Unemployment Assistance.

¹⁶⁴ See also paragraph 13.4.11 below.

Deferral of Introduction of Sickness Allowance Scheme

- 13.2.4** It was originally envisaged that the Sickness Allowance scheme would commence late in 1997. However, in the course of drafting the necessary Regulations for the scheme, a number of issues arose which had not been fully addressed at the time the broad outline of the scheme was drawn up. In the circumstances, it was decided to defer the introduction of the scheme pending a more fundamental review of the overall system of income maintenance payments for people who are ill and people with disabilities.

13.3 Difficulties Identified with Proposed Sickness Allowance Scheme

- 13.3.1** The main difficulties encountered in drafting the necessary Regulations related to –
- The duration of the payment;
 - The duration of the waiting period to be imposed; and
 - The operation of the means test.

Duration of Payment

- 13.3.2** The Sickness Allowance scheme was modelled to a large extent on the existing DB scheme. However, as the Working Group has noted in Chapter 11, there are a number of problems associated with the operation of the DB scheme. In particular, while DB is designed to be a short-term payment, it can continue to be paid on a long-term basis, as there is no limit on the duration of payment. This has led to overlaps between long-duration DB and Invalidity Pension. The Sickness Allowance scheme, as provided for in the 1997 Act, would have mirrored this situation. While the introduction of the Sickness Allowance scheme would make the overall system of income support for people who are ill and people with disabilities more comprehensive, it would leave the whole area of illness and disability payments lacking in terms of its co-ordination, by introducing further overlaps between long-term Sickness Allowance and Disability Allowance.

Waiting Period

- 13.3.3** The application of a 3-day waiting period has been a feature of the Disability Benefit Scheme since its inception. The principal reason for this waiting period is to avoid the disproportionately high administrative costs which would be involved in processing claims of a very short duration. In addition, it can reasonably be expected that most workers would be able to absorb the loss of the first three days earnings without suffering undue hardship. Where, however, a person has a subsequent spell of incapacity in quick succession, then the three waiting day rule is waived.
- 13.3.4** The 1997 Social Welfare Act provided that in the case of a person who moved from another social welfare payment onto Sickness Allowance there would be no waiting period to be served. However, the Act also provided that in other cases, i.e. where a person has been employed or self-employed, a waiting period may be imposed by way of Regulations. In the context of drafting the necessary Regulations, a waiting period of 8 weeks was proposed in such cases. The reason for this arose from concern for allowing claims for relatively short periods of illness in the case of people in highly paid employment who were not entitled to payment from their

employers (see also paragraphs 13.3.7 and 13.3.8 below in relation to difficulties associated with the operation of the means test). A similar waiting period was also proposed in the case of self-employed people. While their earnings potential may be reduced during the period of their illness, it would be expected that, due to the nature of their situation, most self-employed people would be able to cope with short-term fluctuations in their income. People in these circumstances would still have recourse to SWA. In addition, it was considered that an 8 week waiting period would have avoided the administrative requirements of having to process applications and carry out means tests for claims of very short duration.

13.3.5 However, the imposition of an 8 week waiting period raises a number of difficulties. Firstly, the exclusion of people who are ill for less than 8 weeks would mean that many of those who are on SWA and classified as being sick and not entitled to any other social welfare benefit would be excluded from the Sickness Allowance scheme. It is estimated that about 20% of current SWA claims in this category (600 out of a total of 3,000) last for less than 8 weeks. The Department would then be obliged to process the Sickness Allowance claim, even though the period of illness may not exceed the initial 8 week waiting period. This would defeat one of the reasons for introducing such a long waiting period, i.e. to reduce the administrative burden arising from claims in respect of short illnesses. If entitlement to Sickness Allowance were to commence after the waiting period has been exhausted (whether 8 weeks or otherwise), then the legislative provisions contained in the 1997 Act would have to be amended.

13.3.6 In addition, it is considered that the imposition of such a long waiting period could be a retrograde step from a customer service point of view. For instance, claimants would be required to apply for a payment where the extended duration of the waiting period would mean that, in many cases, the claim would be rejected. It would also introduce a dual processing procedure whereby people would still have to rely on SWA for short-term illnesses while also having to apply for Sickness Allowance.

Means Test

13.3.7 Potential difficulties were also encountered in relation to the assessment of means for Sickness Allowance purposes. It was originally envisaged that the means test to be applied would be broadly similar to that applying in the case of the Unemployment Assistance scheme. Under the Unemployment Assistance means test, earnings received prior to becoming unemployed are not assessed. However, a person in employment who becomes ill would have an expectation of resuming paid work if the illness was of a short-term nature. While claimants could contend that they had no income once the work ceased, the impact of the loss of earnings would depend on the level of weekly earnings and the duration of absence from employment. Similar considerations would apply in the case of the self-employed who, due to the nature of their situation, would be expected to be able to cope with short-term fluctuations in their income.

13.3.8 Therefore, in determining how the means test for Sickness Allowance purposes should apply, consideration would have to be had for the impact of the absence from work and the resulting loss of earnings potential. The length of the waiting period, if any, would also influence this, e.g. a long waiting period or qualification for Sickness Allowance only from a particular point of incapacity could imply that all earnings potential would be considered exhausted at that point and that pre-illness earnings would not therefore, be assessed for Sickness Allowance.

13.4 Options for Addressing Social Assistance Needs of People who are Temporarily Ill or Disabled

13.4.1 The Working Group considered that any new arrangements examined should have regard to the following factors –

- There should be sufficient numbers to justify any possible new arrangements;
- They should not disimprove customer service;
- They should not impose a significantly higher administrative burden than the current arrangements; and
- They should have adequate controls.

13.4.2 The Working Group examined the following 3 options for dealing with the social assistance needs of people who are temporarily ill or disabled -

1. Adapt the existing Disability Allowance scheme to cater for periods of both long-term and short-term illness and disability;
2. Introduce a specific payment to cater for short-term illness, i.e. the Sickness Allowance scheme;
3. Retain the current arrangements.

Option 1 - Adaptation of DA Scheme

13.4.3 As noted in paragraph 13.2.1 above, an option along these lines was originally considered at the time when the DA scheme was introduced in 1996. However, it was rejected at that stage as it was considered that it would have had a substantial impact on the operation of the new DA scheme, which was then in the process of “bedding down”. In examining this option again, the Working Group recognised that a number of developments have taken place since this option was originally proposed. For example, the DA scheme has been in operation for about 7 years and is now well established. Accordingly, it is considered that it would be easier at this stage to accommodate significant changes in the scheme.

13.4.4 In addition, under the original proposal that was considered, two rates of Disability Allowance would have been paid, reflecting the social assistance payments structure at that time, i.e. –

- persons who satisfied the existing criteria for Disability Allowance would have continued to be paid at the existing higher rate of payment; and
- persons who were temporarily unable to work due to illness or injury and who satisfied a means test, would have been paid at a lower rate equivalent to the rate of SWA and short-term Unemployment Assistance.

However, since January 2002, the rates of short-term and long-term social assistance payments have been aligned. Accordingly, an adapted Disability Allowance scheme which catered for the needs of people who are temporarily ill and disabled as well as those who have more long-term illnesses and disabilities would now have the same rate of payment, regardless of the duration of the illness/disability.

- 13.4.5** In addition, the implementation of measures similar to the desk assessment procedures, which apply in the case of most of the means-tested payments, and the interim payments facility, used in the case of Unemployment Assistance, would avoid one of the main reasons necessitating a lengthy waiting period (8 weeks), i.e. the administrative burden of processing claims and carrying out means tests for claims of very short duration. However, a lengthy waiting period would still be required for other reasons, e.g. in the case of claims from those in highly paid employment and from the self-employed.

Advantages and Disadvantages of this Option

- 13.4.6** The main advantage of this proposal is that it would simplify the social assistance cover for those who are ill and have disabilities. The establishment of a single scheme to cater for the social assistance needs of people who are temporarily ill and disabled as well as those who have long-term illness and disability would also enable the integration of both the Blind Person's Pension and the Infectious Diseases (Maintenance) Allowance schemes into the new reformed payment. In this way the reformed payment scheme would be both more comprehensive and less fragmented than the present system and would be more easily understood by clients. It would also avoid the difficulties involved in having the proposed Sickness Allowance paid in the long-term, while at the same time having another payment - Disability Allowance, which would also cater for the needs of people who are long-term ill and disabled.
- 13.4.7** Other advantages include the administrative savings which would arise from replacing four separate social assistance schemes with one.¹⁶⁵ The reformed payment would also lead to the better medical control of the claimants currently receiving SWA and classified as being sick but not entitled to any other social welfare benefit, as such claimants would become subject to the Department's medical examination system.
- 13.4.8** Under an adapted DA scheme, additional benefits, such as the "Free" schemes, Christmas Bonus etc., could continue to be limited to those who have been receiving payment for a specified duration (e.g. more than 1 year) and also to those who satisfy the existing criteria for DA, regardless of the duration of their claim.
- 13.4.9** However, the expansion of the DA scheme on the lines suggested above could result in a considerably more diverse population of clients, thereby potentially weakening the capacity to target additional assistance in the case of people with disabilities and long-term illness. The revised scheme could also be used by some people on the Live Register to try to take advantage of the extra benefits available and/or to avoid activation measures.¹⁶⁶ Applying a similar means test in the case of people who are short-term ill and those with long-term illness and disability could prove problematic, as those who are in employment or self-employment would be expected to be in a position to be better able to cope with short spells of illness.¹⁶⁷

Option 2 – Introduction of Sickness Allowance Scheme

- 13.4.10** The main thrust of this option is outlined in sections 13.2 and 13.3 above. As in the case of option 1 above, the Working Group recognised that a number of developments had taken place in this area since the Sickness Allowance scheme was originally proposed. For instance, the alignment of the short-term and long-term rates of social assistance payments rates now means that there is no longer any need to have two separate rates of Sickness Allowance. In addition, when the

¹⁶⁵ Disability Allowance, Blind Person's Pension, Infectious Diseases (Maintenance) Allowance and Supplementary Welfare Allowance for those who are unfit for work due to illness.

¹⁶⁶ For instance, since the takeover of the DA scheme, there has been an increase in the number of claims from people on the Live Register, with 15% of the recent increase in overall numbers accounted for by those moving from the Live Register.

¹⁶⁷ See paragraphs 13.3.7 and 13.3.8.

Sickness Allowance scheme was originally proposed, it was considered that there were many people on the Live Register for whom such a payment would be more appropriate because of their health status. In this regard, it is noted that over 15% of the substantial increase in DA numbers in recent years is accounted for by people moving from the Live Register on to DA.¹⁶⁸

13.4.11 It was also considered that there were others on the Live Register who had employability difficulties of such a nature that an unemployment payment might not have been the most appropriate response. The proposed Sickness Allowance scheme was therefore, seen as providing a more suitable way of dealing with people with difficulties such as drug addiction, alcoholism, etc. However, this type of approach is no longer considered to be an appropriate mechanism for dealing with these types of employability difficulties. Based on the results of an examination of employability undertaken by an advisory group drawn from DSFA, the Department of Finance and the Department of Enterprise, Trade and Employment, a separate payment for people with employability difficulties is not now recommended.¹⁶⁹ Referral, guidance, counselling and special targeted measures linked to labour market interventions are considered to be more suitable responses.

Advantages and Disadvantages of this Option

13.4.12 The main advantage of this option is that it would more appropriately cater for the needs of those on SWA who are classified as being sick but not entitled to any other social welfare benefit, particularly long-term cases. In addition, there would be better medical control of such cases. The introduction of a Sickness Allowance payment would mean that social assistance cover for people who are ill and people with disabilities would be more comprehensive. It would also mean that there would be consistency in the treatment of people who are temporarily ill or disabled under the social insurance and social assistance codes. Furthermore, a Sickness Allowance scheme would make it possible to more easily integrate the Infectious Diseases (Maintenance) Allowance scheme into the social welfare payments system.

13.4.13 The introduction of a Sickness Allowance scheme would lead to a more comprehensive system of income support for people who are ill and who have disabilities and a more consistent approach as between social insurance and social assistance provision for this group. However, as it would lead to an increase in the number of schemes in this area, the overall illness/disability payments area would become more complicated. In addition, the difficulties inherent in the unlimited duration of DB outlined in Chapter 11 would be replicated under this proposal. Although the introduction of desk assessment and interim payment arrangements could considerably speed up the application process for the majority of claimants, a lengthy waiting period (e.g. 8 weeks) would still be required in the case of claims for short periods of illness from those in highly paid employment and from the self-employed. This would lead to a dual claims process in such cases, with applications having to be made for both SWA and Sickness Allowance. If the illness lasts for less than 8 weeks, then there would be a disimprovement in customer service.

13.4.14 The administrative costs of the SWA scheme are higher than for other social welfare payments generally. However, with the added layers of GP certification and controls by the Department's Medical Assessors, there may well be similar additional administrative costs involved with a possible Sickness Allowance scheme. As already mentioned, there is some evidence of increased claims for DA from people on the Live Register. The introduction of a Sickness Allowance scheme, with less stringent medical conditions than for DA, could result in an increase in this

¹⁶⁸ Overall DA numbers have increased by 82% from 34,500 in October, 1996 to 62,800 in December 2002.

¹⁶⁹ See Department of Social, Community and Family Affairs, *Submission on Employability to Central Steering Committee for Programme Evaluation* (Dublin: Department of Social, Community and Family Affairs, 2002), and Barrett, A., Whelan, C.T. and Sexton, J.J., *Employability and its Relevance for the Management of the Live Register*, ESRI Policy Research Series 40 (Dublin: Economic and Social Research Institute, 2001).

trend, particularly if the Sickness Allowance scheme were to be structured in such a way that receipt of this allowance for a prescribed period of time (e.g. 1 year) was followed by automatic entitlement to DA.

- 13.4.15** Due to the limited statistical data available, the Working Group was not in a position to calculate definitive numbers of people who might transfer from SWA to the proposed Sickness Allowance. However, it is estimated that between 1,500 and 2,000 people might qualify for the proposed Sickness Allowance at any one time, while between 3,500 and 4,000 people might qualify over a 12 month period. In examining the statistics on the relevant SWA claims that could potentially transfer to the Sickness Allowance scheme, a number of issues came to light. For instance, the Working Group noted that there are significant numbers who are classified as being sick and who have been claiming SWA for more than a year. Some have been claiming SWA for more than 5 years. The Group considered that many of these people could possibly qualify for DA. In addition, it was noted that there are significant numbers of SWA recipients who are classified as awaiting payment of DA (over 2,500). In the circumstances, *the Working Group considers that an examination should be undertaken of those classified as being sick and claiming SWA for more than a year and of those classified as awaiting payment of DA, to ensure that people in these categories are properly classified.*

Option 3 – Retain Current Arrangements

- 13.4.16** This option involves retaining the current system. Under current arrangements, all those who could qualify for the Sickness Allowance payment are already being catered for through other social welfare payments, such as SWA. Therefore, as the Sickness Allowance would be paid at the same rate as SWA, the problem is not one of unmet income maintenance needs, but rather a consideration that some people are on payments which are not designed to adequately address their needs. Under this option, the majority of potential claimants for a Sickness Allowance scheme would continue to be catered for through the SWA scheme. Others, such as those who have short spells of illness while in receipt of Unemployment Assistance (UA), would be allowed to continue on that payment. The UA scheme currently allows for short spells of illness of up to 4 to 6 weeks. As UA is paid at the same rate, there is no financial advantage in claiming either SWA or the proposed Sickness Allowance in such circumstances.

Advantages and Disadvantages of this Option

- 13.4.17** The main advantage of this option is that it would avoid the potential difficulties associated with the previous two options. Nobody would be at a financial disadvantage, as the rates of payment for SWA, DA and the proposed Sickness Allowance are all the same. The continuation of the current arrangements would also avoid unnecessary movement between different means tested schemes, where there is no financial or customer service gain for the client.
- 13.4.18** As SWA is only meant to be a residual payment to cater for short-term needs, it is considered by many not to be a suitable payment for people who are temporarily ill and who are regarded as having clearly identified needs. In these circumstances, the current arrangements could not be seen to be comprehensive. The SWA scheme does not apply medical controls similar to those applying under the social welfare illness and disability payment schemes. Nor are there any specific employment supports available under the SWA scheme to encourage and facilitate people back to work, where their circumstances warrant this. However, it was noted that under the SWA system there is a strong incentive for Community Welfare Officers to move claimants

off SWA if they feel that the claimant fulfils the criteria for other social welfare payments, e.g. if they are no longer considered unfit for work they would be eligible to apply for unemployment payments.

- 13.4.19** While the rates of payment of the Infectious Diseases (Maintenance) Allowance are generally the same as those for SWA¹⁷⁰, as it is only meant to be a residual payment, it could be perceived that the SWA scheme would be less suited to the needs of people with infectious diseases than either the proposed Sickness Allowance scheme or an adapted DA scheme.

13.5 Conclusions

- 13.5.1** The Working Group noted that there were a range of advantages and disadvantages associated with all 3 options considered. However, none of the options offered a more compelling or convincing case than the others. In view of the lack of any financial gain for clients and the potential disimprovements in customer service for some people associated with options 1 and 2, the Working Group considered that neither of these two options would justify the increased administrative and other associated costs involved. Accordingly, *based on the limited statistical information available, the Working Group recommends that the current arrangements for dealing with the social assistance needs of those who are short-term ill or disabled should continue to apply. In addition, the Infectious Diseases (Maintenance) Allowance should be merged into the Supplementary Welfare Allowance scheme.*
- 13.5.2** Ultimately, the Working Group considers that many of the problems involved in trying to cater for the social assistance needs of people who are temporarily ill arise from the categorised nature of the social assistance payments structure. It is considered that the introduction of a single means-tested income support payment in place of the current range of contingency-based payments could resolve many of the difficulties adverted to in this Chapter. However, the Working Group recognises that such an approach represents a radical departure from the way in which the social assistance system has been operated to date.
- 13.5.3** Nevertheless, the Working Group considers that the implications of a single means-tested income support payment, including an examination of the possible administrative gains that may arise, as compared with the potential reduction in the opportunities for providing more targeted responses in the case of people with particular needs, could usefully be explored under the Expenditure Review process.

¹⁷⁰ The current personal rate of Infectious Diseases (Maintenance) Allowance (IDMA) is the same as the personal rate of SWA, DA and the proposed Sickness Allowance. While the rate of increase of IDMA for a Qualified Adult is slightly higher, this rate is being progressively aligned with the Qualified Adult increases payable with SWA, DA etc. The rate of increase for a Qualified Child aged under 16 years is similar for IDMA and SWA, DA etc. However, the Qualified Child increase for IDMA rises significantly at age 16, whereas the rate of the Qualified Child increase payable with SWA, DA etc. is not affected by the age of the child.

Chapter

14 OTHER ISSUES OF COMPREHENSIVENESS

14.1 Introduction

In Chapter 13 we looked at the comprehensiveness of the overall social assistance system in supporting people who are ill and people with disabilities. In this Chapter we examine two further issues of comprehensiveness –

- The comprehensiveness of cover for social insurance benefits for those who are ill and for people with disabilities, and
- The comprehensiveness of cover under the individual illness and disability payment schemes.

14.2 Social Insurance Cover for Illness/Disability for Self-Employed

Views of the National Pensions Board

14.2.1 It was noted that a potential gap in social insurance cover for illness/disability payments occurs in relation to the self-employed. In the context of examining the possibility of extending social insurance pensions cover to the self-employed, the National Pensions Board, in its 1988 Report, stated that it considered the arrangements for Invalidity Pensions for employees would not be appropriate for the self-employed and recommended that initially cover for this contingency should not be provided. However, it further stated that the whole question of the operation of the Invalidity Pension would be dealt with in a later report of the Board.¹⁷¹

14.2.2 In its Final Report, the National Pensions Board re-visited the question of extending cover for Invalidity Pensions to the self-employed. While the Board noted that self-employed contributors are at the same risk of both temporary and permanent incapacity for work as employed contributors, they argued that the risk of loss of income as a result of such incapacity is not necessarily the same. Many self-employed people can continue to draw an income after having sustained the types of disabilities which would qualify an employee for an Invalidity Pension. In addition, employees have to give up their employment to qualify for the pension, but it would not be feasible to apply this condition to self-employed people who own their own farms or businesses (whatever about those whose income is wholly dependent upon their own personal labour). The Board also contended that it would be very expensive to extend social insurance cover for invalidity to the self-employed. In the circumstances they recommended against extending such cover at that time. The Board felt that cover for permanent incapacity for the self-employed would be best met through a means-tested Invalidity Allowance.¹⁷²

14.2.3 The Board's recommendation for the introduction of a means-tested Invalidity Allowance has since been met by the introduction of the Disability Allowance scheme. This means that where a self-employed person becomes ill or disabled on a long-term basis, they have recourse to income support under the DA scheme, subject to satisfying the relevant medical and means test criteria. However, the National Pensions Board also recommended that the question of introducing social insurance cover for invalidity for the self-employed should be reviewed not later than 5 years after the introduction of the proposed means-tested scheme, in the light of experience in its application.

¹⁷¹ National Pensions Board, *Report on the Extension of Social Insurance to the Self-Employed* (Dublin: The Stationery Office, 1988), 38.

¹⁷² National Pensions Board, *Developing the National Pension System: Final Report of the National Pensions Board* (Dublin: The Stationery Office, 1993), 147-148.

Position in Other EU States

14.2.4 A number of EU countries provide cover for sickness and invalidity to self-employed people, as outlined in the following table.

Table 14.1: Social Insurance Cover for Illness/Invalidity for the Self-Employed in EU Member States

Country	Overview of Social Protection System	Cover for Illness	Cover for Invalidity
Austria	Compulsory special schemes or general scheme for different groups of self-employed	<ul style="list-style-type: none"> No cover for farmers Partial for crafts 	Covered
Belgium	Compulsory special schemes for self-employed	Covered	Covered
Denmark	General scheme	Covered	Covered
Finland	General scheme	Covered	Covered
France	Different compulsory special schemes for different groups of self-employed	Farmers not covered	Partial cover
Germany	Compulsory special schemes or general scheme for different groups of self-employed	Not covered	Covered
Greece	Different compulsory special schemes for different groups of self-employed	<ul style="list-style-type: none"> No cover for farmers Partial for crafts 	Partial cover
Ireland	General scheme: no cash benefits for Invalidity or Sickness	Not covered	Not covered
Italy	General scheme for Healthcare. Special scheme for Invalidity	Not covered	Partial cover
Luxembourg	General scheme, special scheme for farmers	Partial cover	Covered
Netherlands	General scheme and compulsory special schemes for self-employed for benefits in kind for Sickness and Invalidity	Not covered	Covered
Portugal	General scheme with 2 types of benefits. Compulsory for Invalidity and voluntary for Sickness	Partial cover	Covered
Spain	Different compulsory special schemes for different groups of self-employed	Partial cover	Covered
Sweden	General scheme	Covered	Covered
United Kingdom	General scheme, no cash benefits for Statutory Sick Pay	Covered for Incapacity Benefit	Covered

Views of Working Group

- 14.2.5** The Working Group noted that the question of extending cover for Invalidity Pension to the self-employed was a complex matter and would involve consideration of a number of issues which were beyond the remit of the Group, including possible increases in the rate of PRSI payable by the self-employed to fund such an extension. As these issues are currently being examined separately by the Department, *the Working Group did not make any recommendations in this area.*

14.3 Non-Payment of DA to Certain People in Full-Time Residential Care

- 14.3.1** The next area examined by the Working Group was the comprehensiveness of cover under the individual payment schemes for people who are ill and people with disabilities. The Working Group noted that, subject to the exceptions already discussed in Chapter 13 (lack of social assistance cover for short-term illness/disability) and section 14.2 above (lack of social insurance cover for illness/disability payments for the self-employed), most of the individual payment schemes are comprehensive in terms of those covered. However, a particular gap relates to entitlement to Disability Allowance for those in residential care.

Background

- 14.3.2** Responsibility for the Disabled Person's (Maintenance) Allowance (DPMA) scheme was transferred from the Department of Health and Children and the Health Boards to the Department of Social and Family Affairs in October 1996. On the transfer of the scheme the existing qualifying conditions were retained (and the scheme was also renamed Disability Allowance).
- 14.3.3** One of the qualifying conditions applying to the former DPMA scheme was that the payment could not be made to people who were in residential care or in hospital. People in these situations had their maintenance costs and, in certain cases, an element of spending money met through funding from the Department of Health and Children and/or the appropriate Health Board.
- 14.3.4** It is not clear at this stage why this disqualification was applied to the DPMA scheme. The Working Group noted that in the case of all other social welfare benefits and allowances, including payments to people who are sick or disabled such as Disability Benefit and Invalidity Pension, entitlement to payment is not affected by the residential status of the claimant. Therefore, on the takeover of the DPMA scheme an anomalous situation was created within the social welfare system as between the treatment of claimants to Disability Allowance (DA) who were in residential care and the treatment of all other categories of social welfare recipients in similar circumstances. The Commission on the Status of People with Disabilities recommended that, as a step towards achieving equal citizenship, their proposed Disability Pension payment should be payable to all people with disabilities, including those who live full-time or part-time in residential settings.¹⁷³

¹⁷³ Commission on the Status of People with Disabilities, *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities* (Dublin: The Stationery Office, 1996), 127.

- 14.3.5** A number of reasons have been put forward for the operation of this disqualification. For instance, it has been suggested that the disqualification can be traced back to the operation of the Poor Laws in this country. Originally the assistance provided under the Poor Law system was in the form of institutional relief for the sick and destitute poor. Gradually the restriction on the provision of relief only in an institution was eased and “outdoor” relief was introduced. The Public Assistance Act of 1939 replaced the Poor Law system with a system of Public Assistance, which included medical assistance (out of which the present day health services have evolved) and general assistance. General assistance took the form of maintenance in an institution or cash payments known as Home Assistance. The Health Act of 1953 provided, inter alia, for the introduction of maintenance allowances for disabled people aged 16 and over who were unable to provide for their own maintenance. However, people who were being maintained in institutions were not eligible for this allowance. The DPMA scheme therefore, replaced Home Assistance for people with disabilities living in the community. The operation of this disqualification under the DPMA scheme and now continued under the DA scheme would appear therefore, to be a remnant of the Poor Law system, i.e. it perpetuates the notion of “indoor” and “outdoor” relief.
- 14.3.6** Another reason suggested for this disqualification is that payment of DPMA in cases where the maintenance costs were already being met by or on behalf of the Health Boards would have constituted double funding. In order to avoid this duplication of funding and the need to put in place complicated procedures for levying contributions from DPMA recipients towards their maintenance costs, people in institutional care were disqualified for receipt of DPMA.
- 14.3.7** For the purposes of this disqualification, residential care is defined as residence in a hospital, convalescent home, nursing home, a home for people with physical or mental disability or any other similar establishment providing residence, maintenance or care *where the cost of the person’s maintenance therein is being met in whole or in part by or on behalf of a Health Board*.¹⁷⁴ This provision, which originated under the DPMA scheme, had been interpreted by the Health Boards as meaning that people who were living in community-based residences were eligible to receive DPMA, provided the relevant Health Board was not providing funding towards the person’s maintenance costs. This is the basis on which the DA scheme continues to operate.
- 14.3.8** However, it can be difficult in many cases to determine the exact circumstances of a person’s residential status. The application of this definition requires clarification as to whether or not the cost of the person’s maintenance in the residential setting is being met in whole or in part by or on behalf of a Health Board. Such clarification can prove difficult in the increasing number of cases where the residential care is not being provided directly by the Health Boards, but where they are providing some element of funding to organisations towards providing such services.

Improvements in Payments for People in Residential Care since 1997

- 14.3.9** Since the take-over of the DA scheme by DSFA in October 1996 a number of measures have been introduced to progressively relax this disqualification, including an improvement introduced in August 1999 whereby existing DA recipients who are living at home can retain their entitlement where they subsequently go into hospital or residential care. The net effect of these changes is that many people in residential care who would have previously been disqualified for payment under the DPMA scheme are now entitled to payment of DA.

¹⁷⁴ Section 191A(1) of the Social Welfare (Consolidation) Act, 1993 (inserted by the Social Welfare Act, 1996).

- 14.3.10** The income needs of those who are in residential care and who do not qualify for DA, e.g. those who entered institutions before August 1999, continue to be met in part through the payment of the “spending allowances” either directly by the Health Boards or through funding provided by the Health Boards to the institutions. However, not all people in such situations qualify for a “spending allowance”. The spending allowance is a discretionary payment and the rules under which it may be paid and the level of the allowance provided differs between individual Health Boards and institutions and also within the different Health Boards.

Estimated Numbers Affected by Disqualification and Cost of Abolition

- 14.3.11** Based on the limited data available it is estimated that there could still be in the region of 1,500 to 2,000 people with disabilities in residential care who are not entitled to Disability Allowance. The cost of abolishing the residency rule for this group is estimated to be approximately €13m. per annum.

Issues for Consideration

- 14.3.12** In examining the issues involved, the Working Group considered a number of possible options and their implications –
- Payment of full or partial DA to all those in full-time residential care who are currently disqualified for payment, offsetting the current funding towards the “spending allowances” from the additional costs involved;
 - Payment of full or partial DA to all those in full-time residential care who are currently disqualified for payment, offsetting an element of the current Health Board maintenance subventions from the additional costs involved;
 - Payment of full or partial DA to all those in full-time residential care who are currently disqualified for payment, offsetting both funding towards the “spending allowances” and an element of the Health Board maintenance subventions from the additional costs involved;
 - Transfer responsibility for the payment of the “spending allowance” from the Health Boards to DSFA and increase the level of this allowance progressively up to the DA rate or a portion of the DA rate.

Offsetting Spending Allowance from Overall Cost of Extending DA to those in Residential Care

- 14.3.13** If entitlement to Disability Allowance were to be extended to some or all of those who have been in full-time residential care since before August 1999, then there would no longer be a need for the payment of the spending allowance in these cases. Therefore, the net cost to the Exchequer should be the difference between the level of DA payable and the level of the spending allowance. However, in order to achieve these offsetting savings it would be necessary to be able to identify the current funding being provided in respect of the spending allowances. It is not clear whether it is possible for the Health Boards to distinguish these costs from the general funding provided in this area.

Offsetting an Element of Subventions towards Maintenance Costs from the Overall Cost of Extending DA to those in Residential Care

14.3.14 It is understood that, in many cases, people in receipt of a social welfare payment who are in full-time residential care are required by the institution to make a contribution towards their maintenance costs.¹⁷⁵ In some cases this involves the claimant handing over their social welfare payment to the institution and receiving back a small sum to cover their personal expenses. In these cases, the social welfare payment is effectively part financing the person's maintenance costs. If it was decided to extend entitlement to DA to all those currently disqualified because they are in full-time residential care, then the likelihood is that in very many of these cases the institutions involved would require these people to make a contribution out of the DA payment towards their maintenance costs.

14.3.15 This would clearly have implications for the funding arrangements for the institutions involved. For instance, as these institutions are already receiving subventions towards the maintenance costs of the residents, any extra income they would generate from requiring the residents to make a contribution towards their maintenance costs out of their new DA payments would lead to a situation of double funding.¹⁷⁶ Alternatively, if the Health Board subventions were to be reduced to reflect the extra income being generated by the institutions through the DA payments, then this would, in turn, reduce the overall cost to the Exchequer of paying DA to all those currently disqualified who are in residential care. However, for this to happen it would be necessary to be able to identify all of those in residential care who are not currently qualified for DA and in respect of whom a Health Board subvention is being made in respect of their maintenance costs.

DSFA to take over Responsibility for Payment of Spending Allowance

14.3.16 Another possible option could be for the Department of Social and Family Affairs to take over responsibility for the payment of the spending allowance (initially at a standardised rate) and to progressively increase this allowance to the level of the DA or to a proportion of the DA rate. This would also involve a transfer of funding from the Health Boards to DSFA. However, it is not clear whether everyone in full-time residential care and not currently entitled to DA is entitled to the spending allowance. Neither is it clear whether it would be possible to identify all such cases.

Some Further Issues

14.3.17 If DA were to be extended to all those in full-time residential care who are currently disqualified then a number of further issues would need to be addressed, e.g. –

- Where the institution requires a resident to make a contribution towards their maintenance costs, what would be the appropriate level of such a contribution, i.e. is there a minimum income which the person should be left with;

¹⁷⁵ Social welfare payments are normally paid directly to the person who is claiming the benefit. Where a social welfare recipient is in residential care, the institution may require that person to make a contribution out of their social welfare payment towards their maintenance costs. However, this is an entirely optional arrangement and, under social welfare legislative provisions, can only be done with the prior agreement of the person claiming the payment or with the agreement of their personal representative.

¹⁷⁶ It has not been possible to establish the funding mechanisms which exist in relation to social welfare recipients who are currently in full-time residential care. For instance, where such recipients are required by the institution to make a contribution towards their maintenance costs, the Working Group has not been able to establish whether the Health Board subventions towards those institutions are reduced to recognise this additional funding.

- Given that many of the person's needs are being met by the institution, should DA be paid at full rate or at a proportion of the DA rate and, in the case of the latter, what would be an appropriate rate;¹⁷⁷
- As some of the people involved may not have any experience themselves in dealing with money, the payment of DA in these cases could lead to some potential difficulties. For instance, there may be no "independent" personal representatives (e.g. friends or family members) to act on behalf of the person. In such cases, is it appropriate for an officer of the institution, e.g. the registrar, secretary etc., to be appointed to act on behalf of the claimant or should an independent advocate be appointed?

Views of Working Group

14.3.18 In equity, it is considered that there should be no distinction made between people on Disability Allowance and people on other social welfare payments as regards residency conditions. *The Working Group therefore, recommends the removal of the residential care disqualification for DA purposes.* This would remove one of the last remnants of the Poor Law System from the current social protection system. However, the Working Group recognises that this would have a range of implications, as outlined above. In the absence of data on the numbers involved and the actual funding arrangements currently in place etc., it has not been possible for the Working Group to fully assess the likely impact of such a move. Nevertheless, the Working Group sees merit in the takeover of responsibility for the payment of the "spending allowance" by DSFA, with offsetting savings arising under the Department of Health and Children Vote. This would enable a standardised level of payment to be made to all of those currently getting the "spending allowance" and for its extension to those people in full-time residential care who do not have any source of personal income.

14.3.19 In this regard, the Working Group welcomes the decision announced in Budget 2003 for the takeover by the Department of Social and Family Affairs of the spending allowances paid by or on behalf of the Health Boards to people in full-time residential care who are currently disqualified for DA.

¹⁷⁷ Under recent arrangements introduced for asylum seekers, their basic needs are met through a system of direct provision. This system covers their accommodation needs, their meals and other services such as heat, light, laundry and television free of charge. People who are getting direct provision may also apply for Supplementary Welfare Allowance to meet their other personal needs. However, in such cases the value of the direct provision is assessed. As a result SWA is paid at a reduced rate in such cases - €19.10 per week. People with disabilities etc. who are living full-time in residential care also benefit from the provision of accommodation, meals, light, heat etc.

Chapter

15 ISSUES OF CONSISTENCY

15.1 Introduction

During the course of its deliberations and consultations a number of issues relating to consistency of treatment within and between the different illness and disability payment schemes were highlighted to the Working Group. The Group considered that many of these issues would be more appropriately addressed in the context of more in-depth reviews of the relevant areas. There were however, a number of issues which it was considered could be better addressed in the context of this broader review of the illness and disability payment schemes, including –

- The need for the continued operation of the graduated rates of DB;
- Payment of Disability Allowance to people aged between 16 and 18 years;
- Continued payment of disability payments beyond 66 years;
- Need to rename illness and disability payments to more accurately reflect the contingencies covered; and
- Payment of illness and disability payments to non-nationals.

15.2 Operation of the Graduated Rates of Disability Benefit

Background

15.2.1 Following the extension of full social insurance cover to part-time workers earning in excess of £25 (€31.17) a week from April, 1991, a range of measures were introduced in the case of the short-term Disability and Unemployment Benefit schemes in order to ensure that disincentives to employment were not created.¹⁷⁸ In the absence of these measures, a situation would have existed whereby many workers on low incomes would have had access to weekly social welfare payments which would have exceeded their income from employment. For instance, while someone earning £25 a week or more would have been liable for PRSI Class A contributions, the maximum personal rates of Unemployment and Disability Benefit available to them from January 1993 was £55.60 (€70.60) a week, i.e. the social welfare benefits available would have been more than twice the level of income from employment for some people.¹⁷⁹ Currently the personal rate of both Unemployment and Disability Benefit is €124.80 a week, i.e. more than three times the minimum level of income at which people become insured for social insurance purposes.

15.2.2 In order to overcome the potential disincentives involved, new arrangements were introduced in January 1993 so as to relate the rate of benefit payable to the level of earnings. A new contribution condition was introduced for the purposes of qualification for Disability and Unemployment Benefit which requires claimants to have reckonable earnings in excess of £70 a week (€88.88) in the relevant income tax year.¹⁸⁰ Where the reckonable weekly earnings are £70 or more, benefit is paid at the full rate. However, where the reckonable weekly earnings are less than £70, the personal and qualified adult rates of payment are paid at reduced rates (known as the graduated rates of Disability and Unemployment Benefit).

¹⁷⁸ This threshold was increased to £30 in April, 1994 and, following the introduction of the Euro, was rounded to €38 from January, 2002.

¹⁷⁹ PRSI contributions paid from April 1991 became effective for the purposes of entitlement to Disability and Unemployment Benefit from January, 1993.

¹⁸⁰ A similar condition was applied to the Health and Safety Benefit scheme, which was introduced in 1995.

15.2.3 The threshold of £70 was chosen because, at this level of earnings, the personal rate of Disability/Unemployment Benefit (£53 at that time) represented roughly 80% of net pay. The figure of 80% of net pay has generally been held as the maximum acceptable replacement ratio, i.e. the point at which it is considered that the ratio between income when sick or unemployed and net income if employed results in little or no incentive to work.¹⁸¹ Paying reduced rates of benefit to people with earnings below the £70 threshold therefore, ensured that there was an incentive to return to work following spells of illness or unemployment.

15.2.4 A rate-band structure was introduced with 3 reduced personal rates and one reduced qualified adult rate, depending on earnings. Increases for qualified children were however, unaffected by earnings. Table 15.1 sets out the initial rate-banding structure which was introduced in 1993 –

Table 15.1: Graduated Rates of DB Payable in 1993

Average Weekly Earnings	Personal Rate	% of Max. Personal Rate	Qualified Adult Increase	% of Max. Qualified Adult Rate
Less than £35	£25.00	47%	£21.00	61%
£35 and less than £49.99	£35.00	66%	£21.00	61%
£50 and less than £69.99	£42.00	79%	£21.00	61%
£70 or more	£53.00	100%	£34.30	100%

15.2.5 As will be seen, the levels of the initial graduated rates payable in 1993 meant that, in general, no one was better-off financially at that time claiming DB instead of working. Although employment disincentives would still have occurred if the claimant had a qualified adult and/or qualified children, in practice these situations would have been relatively rare as people on such low earnings tended not to be the main earners in the household.¹⁸²

15.2.6 Since 1993, the graduated rates of payment have been uprated annually in line with the general increases in Disability Benefit. However, the £70 income threshold and the related reduced earnings bands have not been increased in the interim. Table 15.2 sets out the current graduated rates of DB. As will be seen, while the percentage relationship between the graduated rates and the maximum personal rates have more or less been kept in line, the relationship between the personal rates of graduated DB payable and the relevant earnings bands has changed significantly in the interim.¹⁸³ As a result of these changes all of the current graduated personal rates of DB are now higher than the associated average weekly earnings bands, by between €8.92 and €36.16 a week. *At these levels, the current graduated DB rates represent a serious disincentive to employment.*

¹⁸¹ For further information on replacement ratios see Working Group on the Integration of the Tax and Social Welfare System, *Integrating Tax and Social Welfare: Report of the Expert Working Group on the Integration of the Tax and Social Welfare Systems* (Dublin, The Stationery Office, 1996), 13-14.

¹⁸² Survey data collated around the time of the introduction of the graduated rates of DB showed that, of people earning £70 or less, 57% were single, 38% were married women and 4% were married men.

¹⁸³ The increase in the percentage relationship between the graduated rates of qualified adult allowance and the maximum rates of qualified adult allowance, from 61% to 65%, reflects the general policy being implemented in recent years of progressively increasing the rates of qualified adult allowance to 70% of the appropriate personal rates of payment.

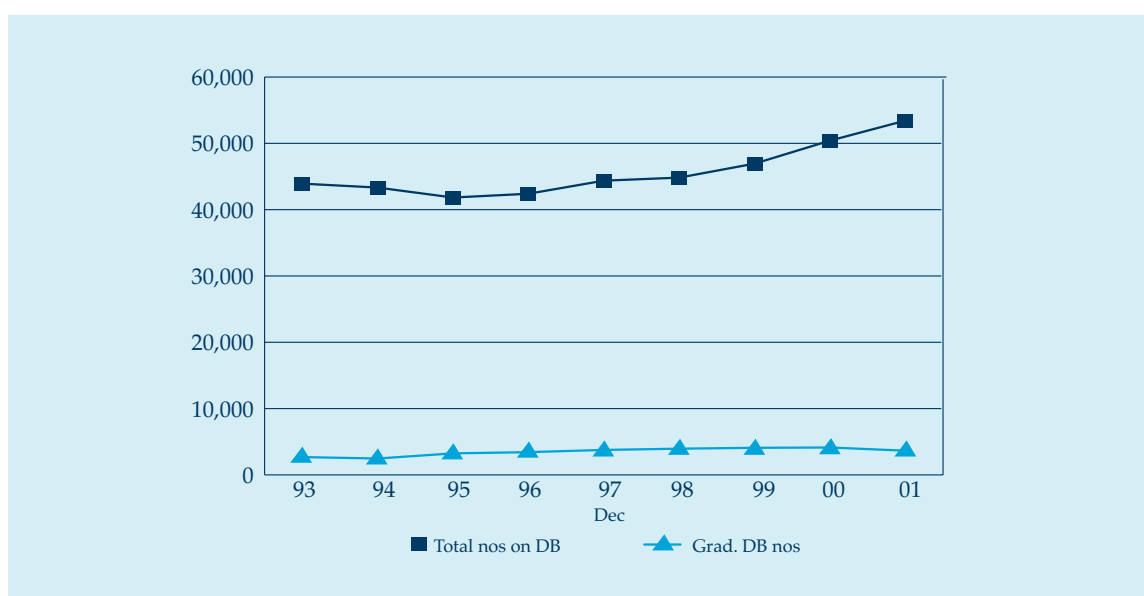
Table 15.2: *Graduated Rates of DB Payable from 2003*

Average Weekly Earnings	Personal Rate	% of Max. Personal Rate	Qualified Adult Increase	% of Max. Qualified Adult Rate
Less than €44.44	€56.10	45%	€53.70	65%
€44.44 and less than €63.49	€80.60	65%	€53.70	65%
€63.49 and less than €88.88	€97.80	78%	€53.70	65%
€88.88 or more	€124.80	100%	€82.80	100%

Trends in Numbers on Graduated DB

15.2.7 In the period from 31st December, 1993 to 2002 the numbers on graduated rates of DB have increased by about 36%, from 2,687 to 3,650.¹⁸⁴ This compares with an increase in the total number of DB recipients of about 22% during the same period. However, these figures mask a number of different trends. For instance, the numbers on graduated DB fell back by 8% in the early years of its operation (between 1993 and early 1994), before increasing by 67% in the period up to August, 2001, with a significant increase of over 31% in the period between March, 1994 and December, 1995. The numbers on graduated DB have fallen back in the last year, down by almost 500 (12%). As compared with the numbers on graduated DB, the total number of DB recipients fell back by about 5% in the period from 1993 to December, 1995. Since December 1995 however, numbers on DB have been steadily increasing, up by almost 11,600 (28%).

15.2.8 A comparison between the numbers falling into the three different rates bands shows that in the early years of the operation of the graduated rates most recipients fell into the lowest rate band – 47%, with 34% in the highest rate band and the balance of 19% in the middle band. The latest statistics show that graduated DB recipients are more evenly spread between the highest and lowest bands – 43% are in the lowest band, 41% in the highest band and 16% are in the middle band.

Figure 15.1: *Comparison between Total Numbers on Full-Rate and Graduated DB*

¹⁸⁴ 2002 statistics for the numbers on the graduated rates of DB relate to August, 2002.

- 15.2.9** Recipients of graduated DB can also claim SWA where their means are insufficient to meet their needs (see also paragraph 15.2.19). The limited data available on the number of graduated DB recipients who also claim SWA top-ups shows that the numbers have increased from about 300 cases in early 1994 to about 530 in August, 2002. As a percentage of those in receipt of graduated DB, the ratio has increased from 12% in 1994 to 14.5% in 2002.

Table 15.3: Comparison between Number of DB and Graduated DB Recipients and Numbers Claiming SWA Top-Up Payments

Date	Numbers On Grad. DB	% Increase	Total Numbers on DB	% Increase	Numbers On Grad DB as % of Total Numbers on DB	Numbers Getting SWA Top-ups	SWA Top-ups as % of Numbers on Grad DB
31/12/93	2687	-	43924	-	6.1%	N/A	N/A
08/03/94	2470	(-8.1%)	43329	(-1.4%)	5.7%	295	11.9%
14/12/95	3246	31.4%	41830	(-3.5%)	7.8%	390	12.0%
27/09/96	3430	5.7%	42399	1.4%	8.1%	N/A	N/A
25/06/98	3766	9.8%	44371	4.7%	8.5%	N/A	N/A
12/03/99	3953	5.0%	44831	1.0%	8.8%	506	12.8%
31/12/00	4085	3.3%	46940	4.7%	8.7%	N/A	N/A
31/08/01	4132	1.2%	50407	7.4%	8.2%	N/A	N/A
14/08/02	3650	(-11.7%)	53429	6.0%	6.8%	529	14.5%

Profile of Graduated DB Cases

- 15.2.10** The gender composition of those on graduated DB has changed over the years, from approx. 40% males as compared with 60% females in 1993 to 23% males as compared with 77% females currently.¹⁸⁵ Earlier details of the dependency status of graduated DB recipients are not available for comparative purposes. However, the latest statistics indicate that 53% have no dependants. 7% of graduated DB recipients have qualified adults, while 43% have qualified children.¹⁸⁶
- 15.2.11** The majority of graduated DB recipients (75%) are married (62% are married women and 13% are married men), with single and divorced people accounting for 18% of recipients. The remaining 7% are widowed, separated or deserted. An age analysis highlights that the biggest concentration of recipients – 85% – is in the 35 to 64 age group, of whom 34% are aged between 45 to 54, while 26% are between 35 and 44 and a further 25% are between 55 and 64 years. Over 54% of all graduated DB recipients are married women aged between 35 and 64 years.
- 15.2.12** Almost 52% of current graduated DB recipients have been in receipt of payment for more than 1 year, with a further 23% on benefit for between 6 to 12 months. The majority of long-term graduated DB cases are female (42.5% of all graduated DB cases) and, in particular, married women – 37% of all cases.¹⁸⁷ Married women between the ages of 35 to 64 on long-term graduated DB account for almost 35% of all graduated DB cases. The equivalent figure for married men is almost 6%.

¹⁸⁵ The 23:77 male/female ratio has held constant since early 1999.

¹⁸⁶ 4% have both qualified adults and qualified children.

¹⁸⁷ Long-term graduated DB refers to being on graduated DB for 1 year or more.

Profile of SWA “Top-Ups” to Graduated DB

15.2.13 While the majority of graduated DB cases are female and married, the opposite is the case in relation to those claiming SWA top-ups. 72% are male, while 28% are female. 71% of SWA top-up cases are single, as against 29% who are married. The majority (69%) of SWA top-up cases have no dependants, while 29% have qualified adults and 21% have qualified children.¹⁸⁸

15.2.14 As in the case of graduated DB recipients, an age analysis highlights that the biggest concentration of recipients – 81% are in the 35 to 65 age group, of whom 40% are aged between 45 and 55, while 23% are between 35 and 44 and a further 18% are between 55 and 65 years. 58% of those getting top-ups have been in receipt of SWA for less than 1 year, with 34% on benefit for less than 6 months. 17% have been getting SWA top-ups for 2 years or more.

15.2.15 Overall, the main statistical trends indicate that –

- the numbers of graduated DB cases are falling both in absolute terms and also as a percentage of total DB recipients;
- the numbers falling into the highest and lowest rate bands are now more evenly spread;
- the proportion of female graduated DB recipients has increased substantially since these rates were introduced;
- there are over 3 times as many females on graduated DB in comparison to males (this compares with the numbers on DB generally, where there are over one and a half times as many females to males);
- three quarters of all graduated DB recipients are married, with married women accounting for nearly two thirds;
- over half of graduated DB recipients are married women between the ages of 35 to 64 years;
- over half of graduated DB recipients have been receiving payment for more than 1 year, with females being over 5 times more likely to be on long-term graduated DB, while married women are over 6 times more likely than married men to be on long-term graduated DB;
- the numbers receiving SWA top ups have increased in absolute terms and also as a proportion of total graduated DB recipients;
- there are over two and a half times as many males getting SWA top-ups to graduated DB than females;
- over 70% of SWA top-up cases are single; and
- slightly over 40% of SWA top-up cases have been receiving payment for more than 1 year.

15.2.16 The above statistical information highlights a very high concentration of married women claiming graduated DB, reflecting the fact that this group are more likely to have reduced levels of earnings from employment. Although no definitive information is available in this area, it is considered that the recent fall in the numbers and proportion of graduated DB recipients may have been influenced by the introduction of the minimum wage in 2000, together with the non-indexation of the £70 weekly income threshold.

¹⁸⁸ 19% have both qualified adults and qualified children.

Continued Need for Graduated DB Rates

- 15.2.17** The Working Group examined whether there is still a need for the graduated rates of DB in the light of the various developments which have occurred since 1993. It was noted that some of the issues involved extend beyond the remit of the Working Group and also affect the Unemployment Benefit and Health and Safety Benefit schemes. In addition, the level of the threshold for liability for PRSI Class A contributions impacts on the structure of the graduated DB system. Any proposals in this area would therefore, have to have regard for the wider issues involved.
- 15.2.18** It was noted that, in addition to those who have reduced earnings, the graduated rates also apply to people who move from other social welfare benefits, e.g. UB, UA, PRETA, onto DB. This arises as the people concerned would have either reduced earnings or no reckonable earnings in the relevant income tax year.¹⁸⁹ In examining this area, it was found that the vast majority (92%) of those who qualified for the lowest graduated rate of DB did so on the basis that they had no reckonable earnings in the relevant income tax year by virtue of being in receipt of another social welfare payment, rather than having low earnings from employment. Overall however, 59% of all of those qualifying for the graduated rates of DB do so by virtue of having reduced earnings from employment.
- 15.2.19** It was also noted that some people on graduated rates of DB receive “top-ups” under the SWA scheme to bring their combined income up to the maximum rate of SWA.¹⁹⁰ It was considered that the presence of significant numbers of people on the graduated rates of DB who also qualify for SWA “top-ups” would undermine much of the logic for having such graduated rates. The latest statistics show however, that 14.5% of graduated DB cases receive SWA “top-ups”.
- 15.2.20** In the light of the above factors, the Working Group considers that there is still the possibility for substantial employment disincentives to arise if DB were to be paid at the maximum personal rate in all cases. In the circumstances, the Group considers that *the operation of measures such as the graduated rates of DB, which limit the amount of DB payable to those on reduced earnings, is still warranted*. The Working Group noted that *the current level of the weekly income threshold (€88.88) associated with the operation of the graduated DB arrangements represents a serious employment disincentive*, given that the current maximum weekly personal rate of DB (€124.80) is, in some cases, €35.92 higher than the claimant’s weekly earnings from employment. This disincentive is even more pronounced where increases for adult and child dependants are being claimed. Equally the current rates of graduated DB represent a significant disincentive to employment when compared with the relevant earnings bands.
- 15.2.21** The £70 income threshold was originally set by reference to the then level of the personal rate of DB (£53), which represented roughly 80% of net pay at the £70 level. Adjusted in the light of the current rates of DB, this threshold would now need to be set at €156 a week in order to maintain a replacement ratio of approximately 80%. This would mean that the current threshold would need to be almost doubled in order to avoid the employment disincentives outlined above.
- 15.2.22** *The Working Group therefore, recommends that measures be taken to ensure that the current rates of DB do not act as a disincentive to employment in the case of people on reduced earnings.* However, the Working Group also noted that the current structure of the system of graduated rates makes it difficult to increase the income threshold and also the associated earnings bands

¹⁸⁹ Social welfare payments are not regarded as reckonable earnings.

¹⁹⁰ Since January 2002 the maximum rate of SWA is the same as the maximum rate of DB.

without existing recipients losing out. In the circumstances, consideration may have to be given to devising some more suitable mechanism for achieving the same results and which would be capable of being uprated on an ongoing basis so as to maintain the incentive to work.

15.2.23 Finally, it was noted that since 1993, the numbers claiming DB have increased significantly – up by over 24%, from 43,924 in 1993 to 54,590 in December, 2002. Much of this increase is accounted for by the substantial increase in the workforce generally and by the extension of social insurance cover to additional categories of workers during the same period.¹⁹¹ Nevertheless the Working Group considered that it would be useful if an examination was carried out to establish to what extent, if any, the erosion in the replacement ratios, as outlined above, has contributed to the overall increase in DB numbers in recent years.

15.3 Payment of Disability Allowance Between 16 and 18 Years

15.3.1 During the course of the consultations which were held as part of this review, some groups expressed concern about the implications of the payment of Disability Allowance from age 16, especially where many of those recipients are still within the formal education system. A number of issues of concern were highlighted –

- the potential impact of the payment of DA at 16 years on people's decisions whether to remain at school until the completion of their formal education,
- the possibility of creating a dependency on the social welfare system at such a young age, and
- the potential disincentives to progress to employment on the completion of formal education.

15.3.2 In examining these issues, the Working Group noted that, in general, the position of young people in the social welfare system is somewhat ambiguous and it is not clear whether people aged between 16 and 18 years should be treated as children, as adults or as young people in their own right. For instance, a person is regarded as a child for Child Benefit purposes up to the age of 16 years, or 18 years if school-going. On the other hand, a person is regarded as a child for the purposes of increases in weekly social welfare payments in respect of qualified children where they are under 18 years, or up to 22 years if school-going (in the case of long-term recipients). A person aged 16 and over who is in employment is liable for Pay-Related Social Insurance contributions and this age ties in with the minimum age for regular full-time employment. The main means-tested social assistance payment applicable to young people generally, i.e. Unemployment Assistance, is available from 18 years, as is the Blind Person's Pension scheme. Table 15.4 sets out relevant age limits within the social welfare system and other relevant areas, for comparative purposes.

¹⁹¹ The labour force has increased by about 33% between April 1993 and May 2002.

Table 15.4: Comparison between Relevant Age Limits for Young People

Age	Comment
14 years	<ul style="list-style-type: none"> Minimum age for part-time or light work and minimum age at which <i>Occupational Injury Benefits</i> can be paid (at reduced rate)
15 years	<ul style="list-style-type: none"> Minimum age at which <i>FÁS Training Allowance</i> payable
16 years	<ul style="list-style-type: none"> Age at which <i>Domiciliary Care Allowance</i> ceases Age at which <i>Disability Allowance</i>, <i>Mobility Allowance</i> and <i>Blind Welfare Allowance</i> become payable Minimum age for <i>PRSI liability</i> Minimum age for regular <i>full-time employment</i> Minimum <i>School Leaving age</i>
16 years, or 18 years if school-going	<ul style="list-style-type: none"> Age at which <i>Child Benefit</i> ceases
16 years and 9 months	<ul style="list-style-type: none"> Minimum age at which short-term social insurance benefits first become payable (e.g. <i>DB</i>, <i>Unemployment Benefit</i>, <i>Maternity Benefit</i>)
17 years	<ul style="list-style-type: none"> Minimum legal age for <i>driving</i> Age at which <i>Motorised Transport Grant</i> becomes payable
18 years	<ul style="list-style-type: none"> Age at which <i>Unemployment Assistance</i> and <i>Blind Person's Pension</i> become payable <i>Age of majority</i>
18 years generally	<ul style="list-style-type: none"> Age at which <i>Foster Care Allowance</i> ceases to be payable
18 years, or 22 years if school-going	<ul style="list-style-type: none"> Age at which <i>Increase for a Qualified Child</i> and <i>Orphan's Pensions</i> cease to be payable
No minimum age	<ul style="list-style-type: none"> Age at which payment of <i>One Parent Family Payment</i> can commence

15.3.3 While there is no consistency of approach, it will nevertheless be seen that, in general, the age of 16 years is used for qualification purposes for disability-related payments from the Health Boards. In the case of social welfare payments, 18 years is the age at which means-tested allowances generally become available. Accordingly, the payment of DA from 16 years would appear to be somewhat anomalous in a social welfare context. This may be explained by the fact that this age qualification applied to the Disabled Person's (Maintenance) Allowance scheme - the forerunner to DA - which was administered by the Health Boards until 1996.

15.3.4 The use of the age of 16 years in the case of Health Board disability payments may have arisen from a perception that, at the time when these payments were first introduced, most young people with severe disabilities would have exited the formal education system by the age of 16 years. As 16 years is also the minimum school leaving age and the minimum age for regular full-time employment, it may have been considered that this was also the appropriate minimum age at which to extend entitlement to disability-related payments to people with disabilities in their own right. The social welfare system, on the other hand, does not, in general, provide benefits which could lead to young people exiting early from the education system. Accordingly, the age of 18 years is generally used as the minimum age for qualification for means-tested social welfare payments in a person's own right, i.e. most people will have completed second level education by this age.

Numbers Involved

- 15.3.5** There are over 1,500 people in receipt of DA who are aged 16 and 17 years and this represents about 2.5% of the total DA claim load. Of these, over 400 (27%) transferred from Domiciliary Care Allowance (DCA) at age 16. Therefore, the majority of those on DA aged 16 and 17 years did not qualify for DCA. This reflects the different nature and conditions for both of these schemes. The conditions for DCA are more stringent than those for DA, as they require the child to have a disability that is so severe that they require care and attention which is considerably in excess of that normally required by a child of the same age.

Views of Relevant Commissions of Inquiry

- 15.3.6** The Commission on Social Welfare, in its 1986 Report, indicated that all young people should be encouraged to remain at school as long as is practicable. Otherwise, they should be given the opportunity of work or training. The Commission did not support any form of income maintenance which could encourage young people to leave the education system prematurely. While noting that within the 16 to 18 age group there were some vulnerable young people, e.g. the homeless, who needed to be catered for in a sensitive manner by different agencies, they nevertheless recommended that the income needs of such vulnerable children should be met by a reformed Supplementary Welfare Allowance scheme. Following on from this, they recommended that the age limit for the Domiciliary Care Allowance payable by the Health Boards should be raised from 16 to 18 years and that the qualifying age for Disabled Person's (Maintenance) Allowance (now DA) be raised to 18 years.¹⁹² As noted in the preceding paragraph, only 27% of DA recipients in the 16 to 18 age group have previously been in receipt of DCA.
- 15.3.7** However, the Commission on the Status of People with Disabilities took a different view. In their 1996 Report, that Commission recommended that a universal disability pension should be introduced to replace the existing Invalidity Pension, Disability Allowance and Blind Person's Pension schemes, payable from the age of 16 years.¹⁹³

Issues Involved

- 15.3.8** In examining the issues involved in this area the Working Group was hampered by the lack of statistical data relating to –
- the total number of people with disabilities in the 16 to 18 age group;
 - the number of people with disabilities in this age group who are still in the formal education system;
 - the numbers in this age group who have exited the education system before completing second level; and
 - the numbers in this age group who are in sheltered occupational services, day activation, employment and training etc.
- 15.3.9** With regard to the impact of the payment of DA at 16 years on the person's decision whether or not to continue in the formal education system, it was noted that the payment of DA in such circumstances should not have any adverse implications. As the payment is made regardless of whether or not the person continues at school, there would appear to be no financial incentives

¹⁹² Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986), 199-200.

¹⁹³ Commission on the Status of People with Disabilities, *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities* (Dublin: The Stationery Office, 1996), 128.

to exit early from education. In fact, it could be argued that the provision of such financial assistance could improve a person's prospects of continuing in education, thereby improving their basic educational skills and qualifications and their degree of independence. This would have the effect of increasing the person's chances of finding and keeping a job. In theory therefore, the payment of DA to 16 to 18 year olds could help them make the decision to remain at school or enter further education on educational grounds and not be influenced by financial considerations.

15.3.10 However, it could also be argued that, in a situation where the person is experiencing difficulties with the education system, then the provision of a weekly income while they are still at school could lead them to exit early. This could arise, for instance, if they felt that the net result of completing their education was that they were going to move from school onto DA, in any event.

15.3.11 In the absence of relevant data in this area, it has not been possible to assess the impact of the payment of DA from 16 years on the decisions made by people in this age group as to whether to stay or exit early from the educational system. However, it was noted that there is a range of other factors involved, which are equally relevant in making such decisions. These include the suitability of the education being provided, the nature and degree of the disability, the expectations and attitudes of people with disabilities themselves and their families towards education and employment etc.

15.3.12 The other main area of concern relates to the creation of a dependency on social welfare payments at such a young age and the potential this has for creating disincentives to taking up employment and training opportunities. The Working Group recognised that the payment of DA from 16 years can pose difficulties in some cases. However, equally it was recognised that there are other factors involved in any consideration of this issue. For instance, DA claimants within this age group are not a homogeneous group. Many may have profound disabilities which may hinder their capacity to continue in education or to take up employment and training opportunities. For others, their disability may be less severe in nature and may not preclude them from completing second or third level education or from taking up available employment and training opportunities. It was considered that, unless there are some forms of alternative interventions available in place of DA, then any proposal to increase the minimum age limit could be considered as somewhat regressive. At present there is little evidence to suggest that any such structures exist which could be readily put in place by the main agencies involved in implementing any alternative or early intervention systems, i.e. FÁS, the Department of Education, the VEC's and the Health Boards.

15.3.13 The available evidence would also suggest that, in the main, parents or guardians tend to be the financial agents for people with disabilities in this age group. In these circumstances, the income from DA is not generally regarded as an income support for the actual recipient but as an additional income to the household to compensate for the additional costs incurred by the household, both direct and indirect. In addition, some people, particularly people with intellectual disabilities, in this age group will be in sheltered occupational services. The DA payment is sometimes regarded as a form of allowance while participating in these services.

Views of Working Group

15.3.14 *In the circumstances, the Working Group does not propose any change in the minimum age for payment of DA at this stage, as it would create a significant gap in the current range of supports for young people with disabilities.* However, this is an issue that should be kept under review, in the light of other developments in this area, including the provisions of the proposed Education for Persons with Disabilities Bill. In this regard, the Working Group noted that one of the specific actions outlined in the Department of Social and Family Affairs Strategy Statement, under the high level goal of the provision of supports to work, is to pilot specific employment initiatives for people with disabilities, initially people in the 16 to 25 age group who qualify for long-term disability payments. *The Working Group welcomes this initiative as a way of tackling some of the difficulties outlined above and would highlight the need for its early implementation.*

15.4 Payment of Disability Payments Beyond 66 Years

15.4.1 It was noted that certain illness and disability payments are only paid up to 66 years, while others continue beyond 66 years (see Table 15.5 below). The Working Group examined this issue from the point of view of simplification and consistency within the system.

15.4.2 It was noted that, in general, short-term social welfare payments such as DB, Unemployment Benefit and Assistance are only paid up until pension age – 66 years, while the long-term payments which are available before pension age, such as Widow/ers Pensions, Lone Parents Payments and Invalidity Pension, continue beyond 66 years. This may be explained by the fact that the short-term payments are designed to provide an income replacement for wages during temporary periods of absence from the workforce due to illness, unemployment etc. A person who reaches pension age has their income needs met, in whole or in part, through the old age pension. Therefore, an old age pensioner who continues to work beyond 66 years does not need further social welfare protection during periods of illness or unemployment, as they will have an income from the old age pension in any event. The continuation of long-term payments beyond pension age ensures that recipients, such as Widow/ers Pensioners, who may have been dependent on those payments for a considerable length of time, do not lose out on reaching 66 years by virtue of not satisfying the conditions applying to the Old Age Pension schemes.

Table 15.5: Age Limits for Various Illness/Disability Payment Schemes

Payment	Maximum Age Limit
Disability Benefit	66 years
Occupational Injury Benefits -	
• Injury Benefit	No upper age limit
• Disablement Benefit	No upper age limit
• Unemployability Supplement	No upper age limit
• Death Benefits for Widow/ers and Dependent Parents	No upper age limit
Invalidity Pension	No upper age limit
Disability Allowance	66 years
Blind Person's Pension	No upper age limit
Infectious Diseases (Maintenance) Allowance	No upper age limit

- 15.4.3** The various illness and disability payments in general follow this pattern, apart from the Injury Benefit and Disability Allowance schemes. Injury Benefit, which is a short-term payment, lasting for a maximum of 6 months can continue to be paid beyond 66 years. The Working Group noted that, in the context of its recommendations in Chapter 10 on the Overlap between Occupational Injury Benefits and Social Insurance Benefits, it was proposed to discontinue payment of Injury Benefit in cases where the person had an underlying entitlement to DB. The Working Group also noted in this regard that there were a number of other issues which would need to be further examined if the above approach was adopted, including issues concerning the payment of Injury Benefit beyond 66 years. However, the Working Group considered that these issues would be best addressed in the context of a more in-depth review of the overall OIB system.
- 15.4.4** Invalidity Pension, Blind Person's Pension and Disability Allowance are long-term payments for people with long-term illness or disability. However, while the Invalidity and Blind Person's Pensions continue to be paid beyond 66 years, Disability Allowance is only paid up to pension age. The treatment of DA recipients in this area would appear to be somewhat inequitable with that of other recipients of disability-related payments. The Working Group could find no convincing reasons for this difference in treatment. It was noted that most DA recipients would qualify for the Old Age (Non-Contributory) Pension at 66 years. However, arising from differences in the operation of the means tests for both payments, some DA recipients may be disadvantaged on applying for the OAP at 66 years.
- 15.4.5** Having examined the matter, *the Working Group recommends that, in principle, all recipients of illness and disability payments aged 66 and over should be automatically transferred to the appropriate pension payment.* For instance, recipients of DA would be transferred to the means-tested Old Age (Non-Contributory) Pension. In the small number of cases where the DA means test is more financially advantageous, such recipients would retain their existing basic rate of payment. Invalidity Pensioners would be transferred to the Retirement/Old Age Contributory Pension (as appropriate). As the personal rate of Invalidity Pension for those aged 65 and over is the same as the personal rate of Retirement/Old Age Contributory Pension, this transfer could be achieved at no extra cost, once the existing commitment to increase all rates of Qualified Adult Allowances to 70% of the appropriate personal rates was implemented.

15.5 Need to Rename Illness/Disability Payments to More Accurately Reflect the Contingencies Covered

- 15.5.1** The Commission on the Status of People with Disabilities recommended that all inappropriate and offensive language should be replaced. In this connection the Commission highlighted difficulties with the names of certain social welfare payments for people who are sick and people with disabilities. For instance, the Commission noted that, as the Disability Benefit scheme relates generally to illness rather than disability, it should be renamed "Sickness Benefit".¹⁹⁴ In addition, it pointed out that titles such as "Invalidity Pension", with connotations of in-valid, are not acceptable to many people with disabilities.¹⁹⁵

¹⁹⁴ Ibid., 127.

¹⁹⁵ Commission on the Status of People with Disabilities, *Final Report of the Working Group on Income Support for the Commission on the Status of People with Disabilities* (Dublin: Commission on the Status of People with Disabilities, 1994), 17.

15.5.2 In line with the Commission's views in this area, the 1997 Social Welfare Act made provision for renaming the Disability Benefit and Invalidity Pension schemes Sickness Benefit and Disability Pension respectively, to more accurately describe the contingencies covered. The 1997 Act also provided for the introduction of a new Sickness Allowance scheme for people who are incapable of work and not entitled to Disability Benefit or not permanently incapable of work. In order to avoid undue confusion for customers, it was decided at that time that the renaming of the schemes would take place in parallel with the introduction of the proposed Sickness Allowance scheme. However, implementation of the Sickness Allowance scheme, and by extension the renaming of the Disability Benefit and Invalidity Pension schemes, was deferred for a number of reasons, including a re-examination of the need for the Sickness Allowance scheme, which has been considered separately in this review (see Chapter 13).

15.5.3 *The Working Group agrees with the need to rename some of the illness/disability payments.* The Group considered that the title Disability Benefit does not accurately reflect the contingency covered. Equally, it was considered that the Commission on the Status of People with Disabilities' suggested title of Sickness Benefit does not accurately reflect the contingency. Payment of DB is not made on the basis of sickness or disability, but rather on the basis of incapacity for work. For example, a person with an illness or disability may still be working. Accordingly, *the Working Group considers that the title Incapacity Benefit more accurately reflects the contingency involved.*

15.5.4 The Working Group also agreed that the title Invalidity Pension was inappropriate on a number of grounds. The Group agreed with the Commission on the Status of People with Disabilities' views that terms such as "invalid" and "invalidity" were inappropriate in the case of people with disabilities. The Working Group also considered that the use of the term "pension" to describe this payment is inappropriate in the context of encouraging and supporting people with disabilities and long-term illnesses back to work. This is particularly the case in the light of the Group's recommendations in Chapter 9 on Strengthening Employment Support Activities. Ultimately the renaming of the Invalidity Pension scheme will depend on whatever option is decided on for the future of this payment (see options outlined in Chapter 11, section 11.7).

15.5.5 Finally, *it was agreed that the combined Disability Allowance/Blind Person's Pension scheme, as recommended in Chapter 12, should continue to be named Disability Allowance.*

15.6 Payment of Illness/Disability Payments to Non-Nationals

15.6.1 The criteria for eligibility for social welfare payments were drawn up many years ago, at a time when there was very little immigration in this country. Accordingly, the question of entitlement to social welfare benefits in the case of non-nationals who have not positively established a right to remain in the State was not addressed in social welfare legislation, e.g. asylum seekers whose claims have been rejected, holders of expired work permits and people who do not have a residence permit (whether temporary or otherwise). In the early stages of the development of the social welfare system, the main social assistance payment which would have been available was Unemployment Assistance. As people in the above situations are not entitled to work in this country, they are not accordingly, entitled to apply for Unemployment Assistance.

- 15.6.2** While the range of social welfare payments has expanded over the years to cater for additional contingencies, the question of entitlement for non-residents has not been addressed in the case of the development of these schemes. In the circumstances, people in these situations are entitled to apply for certain other social assistance schemes, such as Disability Allowance and One Parent Family Payment. It was noted that this situation is somewhat anomalous when compared to entitlement to Unemployment Assistance.
- 15.6.3** However, as this issue raises concerns as to the operation of the broader social welfare system (as opposed to being an issue solely of relevance to the illness and disability payments) the Working Group considered that it was not in a position to fully address all of the wider issues involved. As these issues are currently being examined separately by the Department, *the Working Group did not therefore, make any recommendations in this area.*

Chapter

16 SCOPE FOR ALTERNATIVE APPROACHES

16.1 Introduction

16.1.1 In line with its terms of reference, the Working Group examines “the scope for alternative policy and organisational approaches to achieving the objectives, including alternative financing arrangements, having regard to the appropriate roles of the Social Insurance Fund and the Exchequer”. This Chapter examines alternative options for *public provision* of income support for people who are ill and people with disabilities, as well as options for *private provision*.

16.1.2 Three alternative approaches to the current social insurance/social assistance model of public provision are examined – Basic Income, Negative Income Tax and Universal Payment systems. All 3 of these options present similar issues, as will be described below. In addition, three options for private provision are examined – private insurance schemes, occupational sick pay schemes and compensation through the courts. In examining the different approaches, the Working Group assesses their effectiveness against the 3 high level goals of the provision of income support, combating poverty and promoting social inclusion and provision of supports to work, which are set out in the Department’s Strategy Statement for 2003-2005: Promoting a Caring Society.

16.2 Basic Income

16.2.1 The key features of the Irish social welfare system are that it is linked to specified contingencies (such as illness or disability) and entitlement is based on meeting certain conditions (such as a minimum social insurance record or inadequate means). The concept of Basic Income has been put forward as a radical approach to reform of the social welfare system.¹⁹⁶ The main characteristic of a Basic Income system is that it would provide a payment to every citizen, regardless of their labour force status, family status or the level of their income, and without attachment to a contingency such as illness or disability. A Basic Income system would replace most existing social welfare payments and also the existing personal income tax allowances and exemptions.¹⁹⁷ Basic Income would therefore, provide an integrated approach to taxation and social welfare.

16.2.2 In the context of this review, it should be noted that a Basic Income system as it is usually proposed would replace not only the illness and disability payment schemes, but almost all social welfare payments. A full consideration of Basic Income as an alternative approach would therefore, extend far beyond the scope of this review. While it may be possible theoretically to consider a Basic Income type system for people with disabilities, this would go against one of the key features of Basic Income, i.e. that it is paid without having to meet certain conditions. In addition, it would pose some practical problems, including, in particular, the problem of defining the level of disability at which payment might be made (but see also section 16.4 below on Universal Payments). There has been a considerable amount of analysis of Basic Income proposals in recent years, culminating most recently in the publication of a Green Paper by the Department of the Taoiseach.¹⁹⁸ In particular, this Green Paper considered a system with specified rates of payment, a unified tax rate and the establishment of a Social Solidarity Fund

¹⁹⁶ See, for example, Conference of the Religious in Ireland, *Achieving Inclusion: Policies to Ensure Economic Development, Social Equity and Sustainability* (Dublin: CORI Justice Commission, 2003).

¹⁹⁷ Some variants of the Basic Income approach envisage residual social welfare payments for certain people, but on a considerably smaller scale than the current social welfare system.

¹⁹⁸ Department of the Taoiseach, *Basic Income: A Green Paper* (Dublin: Department of the Taoiseach, 2002).

which would make additional payments to people who would lose out under the new system. The Green Paper listed the advantages and disadvantages of such a Basic Income system.

Advantages of Basic Income

16.2.3 The potential advantages of a Basic Income system considered in the Green Paper include -

- A simpler scheme for administrators and clients,
- Removal of poverty traps and unemployment traps which arise under the existing tax and social welfare systems,
- The automatic nature of the payment would improve take up of payments and eliminate perceptions of stigma which might be attached to payments,
- It would give an independent income for all people without individual incomes, irrespective of their labour force status,
- Its universality may make it more effective than targeted approaches in tackling poverty,
- It would create a fairer and more cohesive society.

The following paragraphs examine some of these advantages in so far as they relate to people who are ill and people with disabilities.

Potential for Simplification of the System

16.2.4 While the current system provides relatively comprehensive coverage for the underlying contingencies of illness and disability, it does this at the expense of having a considerable number of different schemes, with different rates of payment, eligibility conditions and administrative arrangements. This can often make it difficult to understand for clients and complex to administer for administrators.¹⁹⁹ The introduction of Basic Income could reduce this complexity depending on the nature of the arrangements which might have to be put in place to deal with residual groups.²⁰⁰ Basic Income would also work to reduce administration costs of the social welfare system. An unconditional payment for everyone would eliminate the need for medical assessments and the need to determine a person's (in)capacity for work and whether or not such incapacity is permanent. Basic Income would remove some of the existing scope for social welfare fraud, as qualification for payment would no longer be dependent on factors such as employment status, degree or nature of disability or cohabitation etc.

Removal of Some Poverty and Unemployment Traps

16.2.5 A Basic Income payment would be universal and therefore, would not be withdrawn when an individual enters the labour market. Such an approach would remove some of the disincentives to entry to employment which arise under the current system from the loss of certain payments and which can lead to high marginal effective tax or benefit withdrawal rates.²⁰¹ More importantly, a Basic Income system would solve the conflict identified in Chapter 8 on how to reconcile support for employment with the payment of a benefit that is linked with an incapacity to work because of illness or disability.

¹⁹⁹ Commission on the Status of People with Disabilities, *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities* (Dublin: The Stationery Office, 1996), 124-127.

²⁰⁰ See paragraph 16.2.11.

²⁰¹ National Economic and Social Forum, *Income Maintenance Strategies*, Forum Report No. 5 (Dublin: National Economic and Social Forum, 1994), 33.

Improvement in Take-Up and Reduction in Stigma

- 16.2.6** While this review has found no evidence of low levels of take-up in relation to illness or disability payments, it is generally accepted that Universal Payments have higher levels of take-up than selective ones, and this would especially be the case with one that was not linked to a particular contingency. However, while Basic Income would undoubtedly reduce any possible stigmatisation of recipients, it is considered that the same outcome could equally be achieved through the wider use of insurance-based payments.

Independent Income for All People

- 16.2.7** A Basic Income payment could provide an income for people who are ill or who have a disability, irrespective of their labour force status or family circumstances. This would be particularly significant for people with disabilities who have limited employment prospects and those who may be reliant on others for care.

Effectiveness in Addressing Poverty

- 16.2.8** A Basic Income system might also be better at reducing poverty than a targeted approach, by ensuring that each person in a household receives an income. For example, people working in the home would be entitled to an income of their own, regardless of whether their partner works outside the home. While allowances are paid for dependants under the existing social welfare code, these are paid at a reduced rate to reflect economies of scale in households. Furthermore, by providing an independent income to each individual, distribution of resources within households might be more equitable. This is particularly relevant in the case of people with disabilities, who may be in a position of dependency within a household.

Disadvantages of Basic Income

- 16.2.9** The main disadvantages of a Basic Income system considered in the Green Paper are –
- The introduction of a Social Solidarity Fund would weaken considerably the simplicity arguments. Such a modified Basic Income approach would be just as complicated to administer as the current tax and social welfare systems,
 - The very high single tax rate required under a Basic Income system could create a strong incentive for tax avoidance and evasion, and may encourage movement into the informal economy,
 - The increase in the marginal tax rate which would arise under a Basic Income system for significant numbers of people would lead to a reduction in incentives to work or to work longer hours and to a possibility that national employment, productivity and output would fall. This, in turn, could require a further increase in the income tax rate necessary to support such a system,
 - As a universal scheme, Basic Income is a poorly targeted means of addressing poverty,
 - Basic Income would lead to a taxation system that would be less fair, because of its lack of progressiveness,
 - Basic Income could increase the attractiveness of Ireland for low-skilled migrants who might depend on the payment and reduce the attractiveness for those with higher levels of skills and earning potential,

- It does not have the flexibility to meet different needs in different ways.

The following paragraphs examine some of the disadvantages of a Basic Income system in so far as it relates to people who are ill and people with disabilities.

Transitional Costs

- 16.2.10** Basic Income would clearly constitute a major alteration to the approach which has historically been taken in this country to income support and could involve considerable transitional costs in moving from the existing system. For instance, in rejecting alternative strategies for reform such as Basic Income, the Commission on Social Welfare indicated that *“any attempt to introduce a totally new approach, even if desirable in principle, would raise intractable ‘transition’ problems given the extent of the existing system and the accumulated rights and entitlements already in existence. There are clear practical advantages associated with building on elements which already exist.”*²⁰²

Potential for Complexity of Residual System

- 16.2.11** There is a trade-off between the level of Basic Income and the level of taxation needed to fund it. In order to lessen the problem of high tax levels, some Basic Income proposals (including the model considered in the Green Paper) propose a Basic Income payment which is lower than social welfare payments, combined with a Social Solidarity Fund, which would make additional payments to people whose incomes fell below social welfare rates (or defined poverty lines). Payments from the Social Solidarity Fund would require the retention of some of the complexity of the current system, e.g. means tests and other aspects of payment conditionality. This might be on a smaller scale than at present. The full extent of this impact would depend on the nature of the Basic Income model specified.

Incentives and Employment

- 16.2.12** The major disadvantage with a Basic Income system is that it would require a far higher marginal rate of taxation on income than currently applies for most people in employment. The Green Paper considered a model which would replace social welfare payments with a universal payment of €95 per week for adults (less for children), payments from a Social Solidarity Fund (reflecting the fact that the actual social welfare rates at the time were considerably higher than the proposed Basic Income payment rate) and a tax rate of 48% on all income.²⁰³ Many people on low incomes would be adversely affected by the high tax rates implicit in the adoption of the Basic Income model. Among those adversely affected could be people with disabilities who have a reduced capacity for work, but who are currently engaged in employment.
- 16.2.13** The adoption of a Basic Income model would have a complex effect on work incentives. For unemployed people the incentive to work would improve, but for existing employees that incentive would diminish. The combination of high taxation necessary to finance the Basic Income model and universal qualification for a non-means tested payment might act to decrease labour force participation, thereby reducing national employment income.
- 16.2.14** It should be noted too, that Basic Income only addresses incentives arising from social welfare personal payments and taxation. It does not affect the disincentive effects arising from withdrawal of other services, including non-cash benefits and housing subsidies, as income

²⁰² Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986), 184.

²⁰³ The tax rate proposed under the Basic Income system would be an amalgamation of the current tax and PRSI rates.

increases. For example, the disincentive effects of the withdrawal of the medical card or loss of the rent supplement under the Supplementary Welfare Allowance scheme would be unchanged by Basic Income.

Efficiency in Addressing Poverty

- 16.2.15** If the main Basic Income payment was set at a level which was equal to or higher than the poverty line, a Basic Income system could potentially be very significant in reducing relative income poverty. However, it could be argued that the same level of payment could be made through the existing structures by targeting those at risk of poverty whether through illness, disability or through some other recognised contingency. In this case, it is often argued that selective approaches are more efficient in targeting resources at those who need them and that selective payments are more efficient at reducing poverty. Furthermore, a Basic Income system would not help those people who would remain in poverty or just above the poverty line, particularly those who are unable to work and are therefore, not in a position to supplement the Basic Income payment with income from employment. A large number of people who are at present receiving disability or illness related payments would be among those who would be unable to supplement their Basic Income payment. Accordingly, the adoption of a Basic Income model would have little or no benefit in income terms for this group.

Flexibility in Meeting Needs

- 16.2.16** A Basic Income system would not address one of the principal criticisms of the present social welfare system as it relates to people with disabilities, i.e. that it does not meet the additional costs of disability, except through a small number of payments and schemes.²⁰⁴ Indeed as many of the current schemes which go towards meeting these needs are linked to entitlement to disability payments, their abolition under a Basic Income system would most likely worsen the position of people with disabilities until the costs of disability issue was dealt with in another way.

Effectiveness of Basic Income Approach

- 16.2.17** Table 16.1 below compares a Basic Income system as against the three high level goals outlined in the Department's Strategy Statement and which have been identified as being of particular relevance to this review, i.e. the provision of income support, combating poverty and promoting social inclusion and provision of supports for work. While Basic Income might improve the effectiveness of the system in a number of ways, it would also have negative effects in others.

²⁰⁴ See Chapters 6, section 6.6 in relation to the additional costs of disability.

Table 16.1: Basic Income Compared with Existing System

High Level Goal	Key Effects vis-à-vis Existing Income Support System
Provision of an adequate and comprehensive system of income support	<ul style="list-style-type: none"> • Adequacy will depend on Basic Income payment rate relative to existing social welfare payment rates. • Simplicity and consistency could be enhanced under a pure Basic Income system. • To the extent that Basic Income rates fall below existing rates, complexity will be retained through a Social Solidarity Fund.
Combating poverty and promoting social inclusion	<ul style="list-style-type: none"> • Depending on the Basic Income payment rate, could have significant positive impact on distribution of income, which would reduce relative income poverty. • Dynamic effects such as those associated with national income and participation in employment are more difficult to predict. • Would not address the costs of disability issue and could lead to removal of supports linked to existing payments.
Support to Work	<ul style="list-style-type: none"> • Would reduce poverty and unemployment traps caused by loss of social welfare payments. • Those returning to work, especially relatively lower paid work, would face considerably higher marginal tax rates, thereby reducing work incentives. • May decrease demand for labour and national employment.

16.2.18 *In the light of all of these potential difficulties, the Working Group does not recommend a move to a Basic Income system as a basis for addressing difficulties associated with the current system of income support for people who are ill and people with disabilities. Such a move, in any event, could only be considered in the context of replacing the entire social welfare system generally, and an examination of this issue is well beyond the scope of this review.* Such an examination would have to have regard to the significant implications of basic income on the operation of the income tax system, for which the Minister for Finance has policy responsibility.

16.3 Negative Income Tax

16.3.1 Another example of an “integrated” approach to reform of income support and taxation is the Negative Income Tax (NIT) model. The central feature of the NIT model is a break-even level of income assigned to each family or individual. Should earned income or benefits fall below that break-even level, then negative tax is applied to make up the difference. Any income that exceeds the break-even point is taxed. NIT is, in its simplest form, a transfer to all individuals or families, eligibility for which is based entirely on one’s income, as opposed to any other characteristic, such as labour market status or age. The system would replace all existing social welfare payments.

16.3.2 In submissions received as part of the consultation process for this review, the NIT approach, as referred to by the National Economic and Social Forum (NESF), was identified as an option to assist people with disabilities in the transition from welfare dependency to employment.²⁰⁵ NESF considered this approach briefly as part of its examination of income maintenance strategies. According to NESF, NIT and Basic Income “while similar in conceptual terms ... would have very different effects. The detailed structure – whether the unit of assessment is to be the individual

²⁰⁵ *Income Maintenance Strategies*, 32-33.

or the family, for example – is crucial to assessing not only the cost of such schemes but also their impact in terms of ‘gainers’ or ‘losers’.”²⁰⁶ NESF identified the common feature of such integrated approaches as eliminating high tax or benefit withdrawal rates and reconciling the conflict between adequate income support and maintaining incentives to take up or stay in employment.

16.3.3 The Programme for Prosperity and Fairness established a Working Group to examine the role which Refundable Tax Credits (RTC) could play in the tax and welfare system, i.e. where income-earners have insufficient income to use all of their tax credits, the unused portion would be paid by means of a cash transfer. While the PPF Group did not consider a fully-fledged NIT system, some of the features of RTC would be observed in a NIT system. The impact of an RTC system on the position of people with disabilities was not specifically examined. However, the PPF Working Group considered the introduction of a more limited system which would be confined to those at work or who have a work record. Such a system, it was argued, would ensure that every qualifying beneficiary would receive the full value of the tax credit and would offer the option of an independent income to a greater number of people than at present. While the final report of this PPF Working Group is still awaited, it is understood that it has identified a number of problems with this approach and is unlikely to be recommending this proposal.

16.3.4 At a conceptual level, NIT would share many of the features of a Basic Income system and many of the advantages and disadvantages outlined earlier in the case of a Basic Income system would also apply to a greater or lesser extent to a NIT system. However, in the absence of a specific model for such a system, it would be extremely difficult to make a precise comparison with the current arrangements in terms of the effects on income, adequacy and poverty.²⁰⁷

Advantages of Negative Income Tax

16.3.5 Like Basic Income, it is argued that the NIT model would do much to remove work disincentives from the tax and welfare systems. NIT would avoid the high marginal effective tax rates that are attendant in more traditional welfare models. Increased labour supply would be a direct result of a removal or lessening of existing work disincentives. By integrating the NIT rate into the tax system it is argued that it would be possible to operate a single transfer programme that applied to the entire population. Contingency specific programmes would no longer exist, nor would the stigma attached to many of those contingencies. Benefits, in the form of Negative Income Tax payments, would be targeted directly at those most in need of them. NIT is also presented as being administratively simpler than the current system.

Disadvantages of Negative Income Tax

16.3.6 A number of arguments have been put forward in the past against the introduction of Negative Income Tax systems. For example, the Report of the Commission on Social Welfare stated that they “do not consider that negative income tax is a useful approach to the problems in the social security and tax systems in Ireland”.²⁰⁸ The Commission rejected this model for a number of reasons, including the prohibitive costs involved in its implementation and its inflexibility in responding to the income needs of specific individuals or families.

²⁰⁶ For an alternative view on the effects of Basic Income and NIT systems see Working Group on the Integration of the Tax and Social Welfare Systems, *Integrating Tax and Social Welfare: Report of the Expert Working Group on the Integration of the Tax and Social Welfare Systems* (Dublin: The Stationery Office, 1996), 28.

²⁰⁷ A model for a NIT system was set out in the *Report of the Commission on Social Welfare*, 173-177. Given the time lag and the changes to the tax and welfare systems in the meantime, it would be difficult to make a meaningful comparison between this proposal and the current arrangements.

²⁰⁸ *Ibid.*, 175.

- 16.3.7** Many of the disadvantages of Basic Income would also apply to a Negative Income Tax system. In particular, if the breakeven point under NIT were to be high enough to displace all (or even a substantial portion of) existing social welfare payments, then the marginal tax rate above this point would be high. This could result in the withdrawal of some people from the labour market. On a practical level, the current income tax system is not designed to make transfer payments and there is no evidence to suggest that it could do so more efficiently than the current transfer system (i.e. the social welfare system). Even if it were decided to make direct transfers through the tax system, it would take considerable development to introduce such a system.

Effectiveness of Negative Income Tax Approach

- 16.3.8** The following table compares the Negative Income Tax approach as against the current system.

Table 16.2: Negative Income Tax Compared with Existing System

High Level Goal	Key Effects vis-à-vis Existing Income Support System
Provision of an adequate and comprehensive system of income support	<ul style="list-style-type: none"> • Adequacy will depend on minimum income parameter which is chosen relative to existing payment rates. • Simplicity and consistency could be enhanced by closer integration between the tax and social welfare system and the removal of contingency based income support.
Combating poverty and promoting social inclusion	<ul style="list-style-type: none"> • Would require further analysis depending on the parameters chosen
Support to Work	<ul style="list-style-type: none"> • Would reduce poverty and unemployment traps caused by loss of social welfare payments. • Those returning to work, especially relatively lower paid work, could face higher marginal tax rates depending on the parameters chosen for the new system.

- 16.3.9** The Working Group took a similar position in relation to NIT as that taken in relation to Basic Income. While it is clear that the NIT model has some positive features, the final impact of such a model would depend crucially on the parameters which were chosen. Such a radical change in the operation of the tax and welfare regimes introduces a considerable number of uncertainties and variables that go well beyond the Working Group's remit or capacity. *Therefore the Working Group could not recommend the introduction of such a system to replace the current system, but suggests that this be kept under review in the light of developments with regard to Refundable Tax Credits.*

16.4 Universal Payment Systems

- 16.4.1** A Universal Payment is a payment which is made to all of those with specified characteristics, e.g. the elderly, widow/ers etc., irrespective of the level of the person's means, the amount of social insurance contributions paid or their labour force status etc. The Basic Income and Negative Income Tax models represent different types of Universal Payment. Under both of these approaches the whole of the social welfare payments structure, as well as the income tax structure, would be replaced. However, a Universal Payment system can also be confined to a particular group or contingency within the overall system of income support, such as people with disabilities. The only example of a universal payment in the Irish context is the Child

Benefit scheme. This payment is made in respect of all children aged under 16 years and also all children aged between 16 and 18 years who are in full-time education or who have a disability.

- 16.4.2** The question of expanding the role of universal payments within the social welfare system has previously been examined by a number of groups, including the Commission on Social Welfare, the National Pensions Board and the National Economic and Social Forum.²⁰⁹ However, all of these bodies have rejected the option of providing payments on a universal basis. They have instead recommended the continuation of the present social insurance/social assistance model, with the further development of the social insurance system thereby reducing the role of social assistance.
- 16.4.3** The Commission on the Status of People with Disabilities, on the other hand, recommended that the existing Invalidity Pension, Disability Allowance and Blind Person's Pension schemes be replaced with a single Disability Pension payment. That Commission proposed that such a Disability Pension would be payable on the basis of PRSI contributions and medical certification, or in the absence of PRSI contributions, on a non-means tested basis on foot of medical certification. However, the net effect of this proposal would be that everyone would qualify on the basis of medical certification only, i.e. the Disability Pension would effectively be a Universal Payment for people whose work potential is limited by their disability. It should be noted that the Commission's proposed Disability Pension would not encompass all people with disabilities, as some people with disabilities are able to work. In that sense the proposed Disability Pension could not be regarded as being "universal". On the other hand, international experience would suggest that restriction of ability to work would seem to be the most common way of defining disability in this context (see Table 16.3 below).
- 16.4.4** The Working Group noted that Universal Payment schemes for people with disabilities operate in a number of EU Member States, e.g. in Nordic countries such as Denmark, Finland and Sweden. However, it was also noted that the social protection systems in these countries are organised on a different basis to those operated in Ireland and consequently the levels of tax and social insurance contributions required to fund such systems are significantly higher. For example, the employer social security contribution in Sweden is about 30%, while the employee contribution is 7%. This compares with an employer social insurance contribution of 10.75% and an employee social insurance contribution of 4% in Ireland.
- 16.4.5** A Universal Payment scheme confined to a specific contingency, such as illness/disability, would share many of the same features of the more broadly based Basic Income model. As many of the same considerations arise under both approaches, similar advantages and disadvantages, as outlined in section 16.2 above in relation to Basic Income, would also apply.

²⁰⁹ Ibid., 172-185, National Pensions Board, *Developing the National Pension System: Final Report of the National Pensions Board* (Dublin: The Stationery Office, 1993), 96-98 and *Income Maintenance Strategies*, 29-37.

Table 16.3: Disability/Invalidity Schemes Operated in Nordic Countries²¹⁰

	Denmark	Finland	Sweden
Eligibility	Available to resident nationals, aged 18-65	All residents aged 16-65	Available to residents aged 16-65
Degree of Disability	Capacity for work must be permanently reduced by at least half due to a mental or physical incapacity.	No incapacity level specified	Capacity for work must be permanently reduced by 25%
Payment Rate	Varies depending on income, degree of incapacity, marital status, age and the receipt of other pensions	Flat-rate amounts depending on duration of residence and the amount of employment pension one receives, marital status and municipality	Flat-rate which varies depending on degree of incapacity
Contributions Related	No	No	No
Earnings Related	Partial	No	No
Possible to combine with employment?	Yes, but payment is reduced	No	No

Advantages of Universal Payment System

- 16.4.6** The introduction of a Universal Payment for people with disabilities would also address one of the perceived difficulties involved in the social insurance/social assistance model. Under this model, as originally conceived, it was envisaged that the majority of the population of working age would have been covered by social insurance and that the social assistance scheme would only have a residual role. However, this model does not take account of the fact that many people with disabilities are precluded from the social insurance system as they may never be in a position to access the open labour market.²¹¹ A Universal Payment system would overcome these difficulties.

Disadvantages of Universal Payment System

- 16.4.7** It would be extremely difficult to operate a Universal Payment for one specific contingency, within the context of an overall social welfare system which would otherwise be based on social insurance and social assistance payments. The various social welfare payments do not operate in isolation of each other. The system is an integrated one, with inter-linkages between various payments in recognition of the fact that people move from one payment to another as different contingencies arise during the course of their lives.

²¹⁰ Mutual Information System on Social Protection (MISSOC), *Social Protection in the EU Member States and the European Economic Area, Situation on 1 January, 2002* (Luxembourg: European Commission, 2002).

²¹¹ Sheltered occupational services are not regarded as being insurable for social insurance purposes.

- 16.4.8** For example, the Commission on the Status of People with Disabilities has recommended that the Disability Pension be paid to people between the ages of 16 and 66. Therefore, under the Commission's proposal the Disability Pension would cease to be paid at age 66 and people with disabilities would have to apply for an Old Age Pension under the current arrangements, i.e. based either on their PRSI contributions or on a means test. A Disability Pensioner who did not have sufficient PRSI to qualify for a Contributory Old Age Pension would have to apply for the means-tested Old Age Non-Contributory Pension. Accordingly, under the Commission's proposals Disability Pensioners who may have other means could find that their income support payment would be reduced or withdrawn when they reach pension age.
- 16.4.9** The introduction of a Universal Payment for people with disabilities would also have significant cost implications. As has been noted elsewhere in this report, there is very little concrete data as to the actual incidence of disability in the population as a whole. However, the Commission estimated that the introduction of its Universal Disability Pension would result in additional costs in the order of €114m. to €165m. per annum, based on the rates of payment in force in 1996. The cost of the Commission's proposal would be significantly higher now, as the relevant payment rates have increased by over 50% in the interim, although this would be offset, in part, by the fact that the numbers in receipt of the relevant payments have increased by over 40% during this period.²¹² In addition, the Commission's costing do not appear to have factored in the additional costs of secondary benefits such as free travel and the free electricity allowance.
- 16.4.10** The Commission on the Status of People with Disabilities' proposal also envisaged the Disability Pension continuing to be paid where a person takes up employment, but that it would be withdrawn on a phased basis where earnings approached the average industrial wage. The payment of a Disability Pension, even at a reduced rate, to a person who is earning close to the average industrial wage is difficult to justify on income maintenance grounds alone. The continuation of payment in these circumstances would seem to be aimed at addressing the issue of meeting the additional costs of disability. However, a payment of this nature would appear to conflict with one of the main recommendations of that Commission, i.e. that the income maintenance needs of people with disabilities should be treated separately from the needs arising from the additional costs associated with disability. In this regard, the Working Group noted that the Commission had recommended the introduction of a separate non-taxable, non-means tested Cost of Disability Payment.²¹³

Effectiveness of Universal Payments

- 16.4.11** Table 16.4 compares the Universal Payments approach as against the current system.

²¹² For example, the weekly personal rate of Disability Allowance has increased from €81.90 in 1996 to €124.80 in 2003.

²¹³ *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities*, 127.

Table 16.4: Universal Payments Compared with Existing System

High Level Goal	Key Effects vis-à-vis Existing Income Support System
Provision of an adequate and comprehensive system of income support	<ul style="list-style-type: none"> • Adequacy will depend on rate of Universal Payment relative to existing social welfare payment rates. • Simplicity and comprehensiveness would be enhanced. • It would lead to consistency in the treatment of people who are ill and people with disabilities, but would create inconsistencies with the treatment of other social welfare client groups.
Combating poverty and promoting social inclusion	<ul style="list-style-type: none"> • Depending on the rate of Universal Payment, it could have significant positive impact on distribution of income, which would reduce relative income poverty. • May be wasteful of resources, as much of that distribution may not necessarily be directed at those in greatest need. • Dynamic effects such as participation in employment are more difficult to predict.
Support to Work	<ul style="list-style-type: none"> • Would reduce some poverty and unemployment traps caused by loss of social welfare payments. • Those returning to work, especially relatively lower paid work, would face considerably higher marginal tax rates, thereby reducing work incentives.

16.4.12 The Working Group noted that the Commission on the Status of People with Disabilities identified several serious weaknesses in the then system of income support for people with disabilities which led it to recommend the introduction of a Universal Disability Pension. Much of this criticism centred around the operation of the former Disabled Person's Maintenance Allowance scheme, e.g. –

- The lack of consistency in the application of the eligibility and means testing criteria;
- The absence of an appeals system;
- The withdrawal of the allowances when people spend time in hospital;
- The lack of incentive for people with disabilities to participate in employment, training and education.

16.4.13 However, since the take-over of this scheme by the Department of Social and Family Affairs, many of these difficulties have been addressed through the more uniform and consistent administration of the Disability Allowance scheme and various other improvements in the means-testing arrangements, the supports for employment and the income position of those in residential care. These improvements have contributed to the considerable increase in the take-up under the DA scheme, up by 82% from 34,500 in 1996 to 62,800 in 2002.

16.4.14 *In the circumstances, the Working Group does not recommend a move to a Universal Payment system as a basis for addressing the difficulties associated with the current system of income support for people with disabilities.*

16.5 Private Provision

16.5.1 There are a variety of ways in which the role of the private sector could be increased in the provision of social security, for instance, through –

- the provision of subsidies to private insurance companies etc.;
- the introduction of a legal requirement on employers to provide certain benefits to their employees, e.g. sick pay, or to insure against defined risks, such as occupational accidents;
- contracting insured persons out of public provision where an employer, insurance company etc. provides cover at a level at least equivalent to the public programme;
- tax incentives on employer/employee contributions to private insurance;
- the use of private sector providers by public agencies.

In the following 3 sections, we examine the potential for an enhanced role for private provision in the area of illness and disability income support, by examining the areas of private provision that are most commonly associated with illness and disability in an Irish context, i.e. private insurance schemes and occupational sick pay arrangements. The Working Group also examines compensation through the courts, although it recognised that income from such compensation could only have a limited role in providing income support for the wider population of people with illnesses and disabilities.

16.5.2 The Working Group noted that some of the options for private provision which it examined had previously occupied a more central role in meeting the income maintenance needs of people who are ill and people with disabilities in this country. For example, the work of Friendly and Benevolent Societies and, to a lesser extent, Trade Unions in the area of protection for contingencies such as sickness and injury provided a template for the State when it introduced its own system of coverage under the National Health Insurance system in 1912. In addition, the benefits provided under the National Health Insurance system were originally administered by “approved societies”, the majority of which were already in existence as Friendly Societies, Trade Unions and Industrial Insurance Companies. However, as a result of a number of deficiencies that were identified in the operation of these arrangements, private provision in these areas was eventually replaced by a State operated, compulsory insurance regime.²¹⁴ Nevertheless, in view of the developments which have taken place in both public and private provision in the interim, the Working Group re-examines these options.

16.6 Private Insurance

16.6.1 Social security schemes covering illness and disability are sometimes described as overly protective structures that can distort the labour market by introducing additional costs to both employers and employees. Due to the requirement that social security contributions must be levied to finance the social welfare system in general, and illness and disability schemes in particular, net wages are lower and gross wage costs are higher. It is argued that both of these factors can result in a lower degree of economic competitiveness and that mandatory social security cover for illness and disability can act to reduce an individual’s willingness to work, due to the lowering of wages resulting from social security contributions. It is also argued that collective arrangements can act to reduce the emphasis on risk reduction and prevention and also work against rehabilitative measures. Because there is no differentiation of rates of contributions according to risk, those employed in low risk industries, such as banking, are subsidising those working in high-risk industries, such as construction. Similarly, as employers also make contributions, low risk industries are subsidising high-risk industries.

²¹⁴ See sections 1 and 3 of Appendix II: Background to the Introduction of the Illness and Disability Payment Schemes.

Advantages of Private Insurance

- 16.6.2** An alternative approach, which, it is argued, would largely obviate the need for State provision, is private provision. This approach would involve workers purchasing their own insurance to cover contingencies such as illness or disability, e.g. permanent health insurance. Private provision of such insurance could allow varying degrees of coverage, i.e. the person could choose the contingencies covered by the insurance, and the extent to which they would be insured, should such a contingency occur. It is argued that such a system would facilitate consumer choice, decrease labour costs, and could help to stimulate attention on risk reduction strategies and on rehabilitative measures.

Disadvantages of Private Insurance

- 16.6.3** Private provision would not be of benefit to all sections of the population, as the level of risk would vary from person to person. Premiums would therefore, also vary. Those with the greatest risk would pay the highest premiums, with the elderly, those in poor or deteriorating health and those employed in occupations with a relatively high incidence of injury required to pay higher premium costs. However, as many people in these situations have a higher likelihood of low earnings, they would therefore, be unable or unwilling to meet the higher premium costs of insurance for illness or disability. Private provision of insurance would therefore, be most costly for those in greatest need of the coverage. In addition, the premium costs for people with ill health or disabilities who are active in the labour market would be likely to be disproportionately expensive and could act as a disincentive to continued participation in the workforce.
- 16.6.4** As the replacement of social insurance provision with private insurance would involve a variety of providers offering a range of different products, people taking out such insurance would need to be able to readily access relevant information in order that they would be in a position to make informed choices regarding the most appropriate cover for their circumstances. This may not be easily achieved in the case of many of those who would be in greatest need of the coverage.
- 16.6.5** Private insurance providers are more exposed to potential collapse due to unforeseen conditions than the State. For example, an epidemic, natural disaster or substantial disimprovement of labour market conditions could result in substantial increases in premium costs, thus reducing the numbers of those who would be willing or able to purchase disability insurance. This, in turn, would further increase the cost of illness or disability insurance, as economies of scale decline. Collective, mandatory arrangements, on the other hand, ensure that all workers are covered. This increases the financial base of the insurance fund and therefore, reduces the average individual premium cost. Greater economies of scale are achieved and administrative costs are reduced. Mandatory coverage also ensures that imprudent or careless individuals are covered who would not otherwise choose to organise coverage for themselves.
- 16.6.6** The current social insurance approach also acts to redistribute income from those who are better-off financially to those less well off, which enhances equity and improves social cohesion. In addition, there is redistribution amongst the generations. As the incidence of ill health and disability is generally higher among older people, income is redistributed from the younger generations. Private insurance does not have redistribution as one of its functions. For all of these reasons, most countries have placed the primary responsibility for insuring workers against income loss due to illness and disability in the hands of the State.

Effectiveness of Private Insurance

16.6.7 The following table compares Private Insurance provision with the current system.

Table 16.5: Private Insurance Compared with Existing System

High Level Goal	Key Effects vis-à-vis Existing Income Support System
Provision of an adequate and comprehensive system of income support	<ul style="list-style-type: none"> • Private insurance schemes would generally provide adequate income, as they are usually earnings-related. • Given the different risks posed by different individuals and occupations, a private insurance system is unlikely to be either simple or comprehensive. • There is little scope for social solidarity.
Combating poverty and promoting social inclusion	<ul style="list-style-type: none"> • Could have an adverse affect on poverty levels, as those in the highest risk categories could be unable or unwilling to pay the higher premiums that would arise. • Private insurance schemes would not promote social inclusion as they do not have any redistributive functions.
Support to Work	<ul style="list-style-type: none"> • Would depend on the particular rules of the private insurance scheme as regards the possibility of working and receiving payment.

16.6.8 Private insurance is predicated on people insuring themselves against the onset of ill health or disability at a later stage. However, many people have disabilities from birth or develop ill health or disabilities in early life. Private insurance is not a viable option in these circumstances. In addition, private insurance can be difficult to arrange or prohibitive in terms of costs for many people with ill health or disabilities who are in the workforce. Accordingly, private insurance could not provide a comprehensive system of cover for people in these situations.

16.6.9 However, workers are not precluded from procuring additional cover under private insurance schemes, in order to supplement the benefits provided through the social welfare system. Indeed, there are tax incentives available to encourage people to avail of such schemes. The current system therefore, aims to provide a strong mandatory first tier of provision, through the contributory and non-contributory illness and disability payment schemes. This is supplemented by a second tier of voluntary employer-sponsored occupational provision (with employee membership often obligatory), together with voluntary individual provision through private insurance schemes.

16.6.10 *For these reasons the Working Group does not recommend the use of private insurance to replace the current system of income support for people who are ill and people with disabilities. However, the Group recognises the role that private insurance schemes have in supplementing the current social welfare provision and supports the enhancement of this role.*

16.7 Occupational Sick Pay Schemes

16.7.1 Many employers operate company or industry sick pay schemes for their employees when they are unable to work due to illness. The benefits available under such schemes can differ quite considerably in terms of the duration of the sick pay and the level of payment. For instance, some companies provide full pay for a number of weeks/months, followed by reduced pay for a further period. Other companies provide full pay for a short period only, e.g. 2 to 4 weeks. In other companies, sick pay consists of an earnings-related payment, which is paid at less than the full-rate of pay, or a flat-rate payment. In addition, many companies co-ordinate their sick pay arrangements with the Disability Benefit scheme. Under these schemes the amount of company sick pay is reduced by the level of Disability Benefit payable to the employee. As will be seen therefore, there can be a significant overlap between the State Disability Benefit scheme and company sick pay arrangements.

16.7.2 There is no comprehensive and up-to-date analysis of company sick pay schemes in Ireland. The only relevant data that the Working Group was aware of in this area is derived from a survey of sick pay schemes carried out by the ESRI on behalf of the Department in 1985.²¹⁵ The main findings to emerge from this survey were that –

- 44% of the overall workforce surveyed were covered by occupational sick pay schemes;
- 75% of employees in large firms (over 100 employees) were covered, with 23% of employees covered in small firms (100 or less);
- 86% of those covered had an initial level of sick pay which was at or very close to normal gross pay, with 9% receiving flat-rate payments;
- 77% were in schemes where DB was taken into account in full, with 15% in schemes where DB was partly taken into account and 7% where DB was not taken into account.

International Comparison of Sick Pay Provision

16.7.3 Internationally, the objective of meeting the income maintenance needs of employees who are temporarily unable to work due to illness etc. is commonly met, like Ireland, through social insurance payment schemes. However, a number of countries have adopted an alternative approach of obliging employers to make payment of sick pay / sickness benefit for an initial period of absence. Table 16.6 outlines the situation in some countries where such arrangements exist.

²¹⁵ This ESRI survey focused on the labour force exclusive of agriculture, forestry and fishing, where there was little or no coverage; the private building and construction sector, which had a legally binding scheme; and the non-commercial public sector, where there is almost 100% cover.

Table 16.6: Alternative Models of Sickness Coverage in EU Member States

Country	Situation ²¹⁶
Austria	Employer pays 100% of wages for between 6 and 12 weeks (depending on nature of employment and duration of work relationship). 50% of salary for subsequent 4 weeks.
Belgium	<ul style="list-style-type: none"> • Manual workers: Employer pays 100% of earnings for 7 days, and 60% of earnings for subsequent 7 days. • Salaried workers: Employer pays 100% of earnings for first month of illness.
Germany	Employer pays wages/salaries for 6 weeks (manual and salaried workers only).
Italy	Employer pays wages for 3 months.
Netherlands	Employer pays 70% of wages for 52 weeks, capped at €153.00 per day. Individual industrial boards can increase the percentage paid.
Sweden	Employer pays 80% of wages from the 2nd to 14th day of illness.
UK	Employers pay flat-rate Statutory Sick Pay for up to 28 weeks.

Possibility of Introducing Statutory Sick Pay in Ireland

16.7.4 The possibility of transferring some responsibility for sick pay to employers in this country has been raised on a number of occasions in the past. Several advantages have been cited in favour of the transfer of responsibility for short-term illness to employers, including –

- a reduction in the duplication of provision between the State and occupational sick pay schemes, with resulting savings on DB expenditure;
- an increased tax and PRSI yield;
- a reduction in absenteeism; and
- administrative savings for the Department.

16.7.5 Despite consideration of the matter by a number of groups during the 1980's and early 1990's, due to a variety of difficulties encountered, the introduction of Statutory Sick Pay (SSP) was not proceeded with.²¹⁷ The main difficulties were –

- The associated increase in the compliance costs for small and medium sized enterprises and particularly for those firms which did not already operate a sick pay scheme;
- The additional costs for firms or industries with a higher incidence of absenteeism and for firms in areas of low population density, where there may be difficulty with the choice of medical referees;
- Resistance from some employers who are generally opposed to an increase in the regulatory environment;
- Potential for lower SSP payments in the case of employees with children;
- The appropriate method of compensating employers.

²¹⁶ *Social Protection in the EU Member States and the European Economic Area, Situation on 1 January, 2002.*

²¹⁷ See, for example, National Economic and Social Council, *Response of the NESC to the Government's Proposals on Overhauling the Disability Benefit Scheme* (Dublin: National Economic and Social Council, 1986), Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986) and Department of Social Welfare, *Report of the Interdepartmental Committee on the Introduction of Statutory Sick Pay* (Dublin: Department of Social Welfare, 1987). In addition, discussions were held with the Social Partners on this issue in 1992.

16.7.6 One of the principal objectives that had been identified for SSP has been achieved through the introduction of taxation of DB from April, 1993. However, the Working Group considered that the modifications to the DB taxation arrangements, which have been introduced from April, 1995 onwards, have undermined this objective to a certain degree, i.e. a person can be better off while out sick from employment for the first 6 weeks at least (see also Chapter 11, paragraphs 11.2.7 and 11.5.13).

16.7.7 Since the measures to tax DB were implemented, the Working Group noted that there does not appear to have been any further demands for the introduction of SSP. It was nevertheless, noted that a number of other developments have taken place in this area which are of relevance to the question of introducing SSP. For instance, anecdotal evidence from the DB Section suggests that increasing numbers of employers are providing occupational sick pay schemes for their employees. This view is supported, in part, by evidence from a recent survey carried out by the Small Firms Association.²¹⁸ This survey reveals that 80% of the small firms surveyed had sick pay schemes for general staff, while 46% of small firms had sick pay schemes for manual staff. This is in contrast to the findings of the 1985 ESRI survey which found that only 23% of small firms had occupational sick pay schemes. In addition, a lower percentage of DB claimants now have qualified adult or child dependants. The potential loss of allowances for dependants, leading to lower payments under SSP was one of the factors militating against the introduction of SSP in the early 1990's.

Effectiveness of Statutory Sick Pay Scheme

16.7.8 Table 16.7 compares Statutory Sick Pay with the current system.

Table 16.7: Statutory Sick Pay Compared with Existing System

High Level Goal	Key Effects vis-à-vis Existing Income Support System
Provision of an adequate and comprehensive system of income support	<ul style="list-style-type: none"> • Adequacy would depend on the level of sick pay which was chosen relative to existing payment rates. • Would achieve simpler and more consistent system in the case of those in employment, but depending on level of payment, complex "topping up" payments may be needed. • It would not achieve comprehensiveness, as some State provision would still be required for those who are ill, but not at work or in part-time work.
Combating poverty and promoting social inclusion	<ul style="list-style-type: none"> • SSP would not have any impact on the distribution of income. • Depending on level of SSP, there could be some impact on the incomes of people temporarily unable to work due to illness, but due to short-term nature of this income shift, overall impact on the distribution of income is likely to be negligible.
Support to Work	<ul style="list-style-type: none"> • Support to work would generally not be an issue under SSP, as people would still retain a connection with the labour force.

²¹⁸ Small Firms Association, *National Survey on Conditions of Employment* (Dublin: Small Firms Association, 2001).

- 16.7.9** *In view of the changes that have occurred since it was last investigated, the Working Group considered that a re-examination of the possible introduction of SSP would have considerable merit at this stage, given the potential administrative savings for the Department and the potential to reduce absenteeism rates. As a first step, the current incidence of payment of sick pay by employers should be established.*

16.8 Compensation Through the Courts

- 16.8.1** Income support for some people who are ill and people with disabilities can be achieved either partly or wholly from compensation through the courts. However, compensation through the courts is dependent, in the first instance, on proving that someone is responsible for the illness/disability and on that person being in a position to pay compensation (generally by being insured). The existence and extent of the illness/disability is only relevant to the amount of compensation which may be payable and not to the existence of legal responsibility to provide such compensation. This means that many people can sustain severe disabilities through accidents and still be entitled to no compensation, either because no other person can be held legally responsible or the person legally responsible is not in a position to pay compensation.²¹⁹
- 16.8.2** It is recognised that compensation through the courts could have a role in certain defined areas of social security provision, e.g. compensation for accidents at work. However, the Working Group did not consider that such compensation could ever have a significant role within the context of the wider provision of income support for people who are ill and people with disabilities, given the fact that many people develop illness or disability due to entirely natural processes.
- 16.8.3** Another difficulty with compensation through the courts is that the determination of a liable party is often a lengthy and expensive process, during which time the plaintiff will still require the provision of income support. Regardless of the length of the process, there remains no guarantee that a court will find any party liable for an injury or accident. Indeed, the court may find the plaintiff to be liable due to his or her own action or omission. Therefore, as a policy instrument, provision of income support through the determination of legal liability is inadequate in many respects.
- 16.8.4** A change in the law in this area to provide for a no-fault system of compensation instead of the current tort liability could resolve some of the problems outlined above. Such an examination was recommended by the Commission of Inquiry on Safety, Health and Welfare at Work in its 1983 report and subsequently supported by the Commission on Social Welfare and the Commission on the Status of People with Disabilities. However, no such examination has taken place to date, nor is one planned at this time. Nevertheless, even if a no-fault system were to be introduced in this country, very many people with illness/disability would still not be able to benefit from this form of income support.
- 16.8.5** As people with potential claims for compensation represent only a small proportion of people with disabilities, compensation through the courts clearly is not an alternative to the existing income support arrangements. Even though this option has more relevance in relation to occupational injuries, the Working Group does not recommend its use, even in these situations, given the difficulties encountered with the operation of the former Workmen's Compensation scheme.²²⁰

²¹⁹ Commission on the Status of People with Disabilities, *Final Report of the Working Group on Income Support for the Commission on the Status of People with Disabilities* (Dublin: Commission on the Status of People with Disabilities, 1994), 44.

²²⁰ See section 3 of Appendix II: Background to the Introduction of the Illness and Disability Payment Schemes.

16.9 Overall Conclusions

- 16.9.1** In the light of the difficulties outlined in sections 16.2 to 16.4 above, *the Working Group does not recommend a move from the current system of income support for people who are ill and people with disabilities to alternative approaches to public provision, such as Basic Income, Negative Income Tax and Universal Payment systems*. In any event, it is considered that many of the issues which would need to be examined in any such move would be well beyond the scope of this review.
- 16.9.2** *While private insurance and compensation through the courts can enhance the level of social welfare income support, the Working Group did not see any wider role for these options in replacing the current State system. However, the Working Group recommends that a re-examination of the possible introduction of Statutory Sick Pay would have considerable merit at this stage, given the potential administrative savings for the Department and the potential to reduce absenteeism rates. In view of the issues involved, such consideration would best be progressed through the social partnership structures.*

Part 5

Conclusions and Recommendations

Chapter

17 CONCLUSIONS AND RECOMMENDATIONS

17.1 Overall Conclusions

17.1.1 Parts 3 and 4 of this report examine the broad objectives of the various illness and disability payment schemes, which are set out in paragraph 5.2.1 of Chapter 5, and the Working Group concludes that they still remain valid. The Working Group also assesses whether these scheme objectives are being met by their current operation. This assessment is undertaken by evaluating the operation of the schemes against three of the high level goals contained in *Promoting a Caring Society: Strategy Statement of the Department of Social and Family Affairs for 2003 to 2005*, which are considered to be of particular relevance to this review, i.e. the provision of income support, combating poverty and promoting social inclusion and the provision of support to work. The review also considers how the income support objectives might be better achieved through simplification of systems and improving their comprehensiveness and consistency and how the support to work objectives might be better achieved through strengthening the employment support activities. The review includes an assessment of whether alternative approaches to the delivery of income support could improve the effectiveness of their operation.

17.1.2 Overall the Group concludes that –

- *The provision of income support for people with illnesses and disabilities is relatively comprehensive, but there could be an improvement in effectiveness and efficiency through rationalisation to make the overall system simpler and more consistent;*
- *Although the relevant data available is weak, the limited information would nevertheless, suggest that people with illnesses and disabilities face higher poverty rates than people in other social welfare contingencies. While income support can play a role in reducing poverty, it is likely that other significant issues need to be addressed;*
- *Employment supports for this group need to be more systematic and effective.*²²¹

Provision of an Adequate and Comprehensive System of Income Support

17.1.3 The question of the adequacy of social welfare payments in general has been addressed by the PPF Group on Social Welfare Benchmarking and Indexation. In the light of this examination, the Working Group does not itself examine the adequacy of the illness and disability payments, but notes the findings of the PPF Benchmarking Group that it is not possible to derive an indisputable and universally accepted adequacy rate for social welfare payments. The Working Group nevertheless, welcomes the Government commitments that have followed the publication of the findings of the PPF Benchmarking Group as a measurable target for adequacy of payments in this area. These commitments provide for the achievement of a rate of €150 a week, in 2002 terms, for the lowest rates of social welfare, to be met by the year 2007.

17.1.4 In its examination of the effectiveness of the current range of income maintenance schemes, the Working Group concludes that there is significant scope for rationalisation of the system. Currently there are 7 specific income maintenance payments for people who are ill and people with disabilities – 4 social insurance payments and 3 means-tested social assistance payments.

²²¹ Although it is recognised that many of the most intractable problems in this area are outside the remit of DSFA.

The Supplementary Welfare Allowance scheme also provides income support for some ill and disabled people, in the absence of entitlement to any of the other specific payments. In addition, there is a further social assistance payment – Sickness Allowance, which has been legislated for, but not yet commenced. This means that potentially there are 9 different schemes catering for the needs of sick and disabled people.

- 17.1.5** The Working Group recommends the merger of 2 of the existing social insurance payments, i.e. Injury Benefit and Unemployability Supplement, and that this merged payment should only be paid where there is no underlying entitlement to either DB or Invalidity Pension. In the case of the other 2 social insurance payments - DB and Invalidity Pension, the Group considers that current provision for long-term illness and disability needs to be improved, either by integrating both of these payments or by the introduction of a clearer distinction between both payments. However, the Group could not agree on which of these options provided the best way forward. The net result of the Group's recommendations in relation to social insurance illness/disability payments is therefore, to reduce the number of these payments from 4 to 3 (or possibly 2), with a considerably reduced role for one of these payments, i.e. the merged Injury Benefit/Unemployability Supplement scheme.
- 17.1.6** On the social assistance side, the Working Group is recommending the merger of the 2 means-tested payments for people with disabilities, i.e. the Blind Person's Pension would be merged into an adapted Disability Allowance scheme. In addition, the Infectious Diseases (Maintenance) Allowance scheme, which is currently administered by the Health Boards, would be merged into the Supplementary Welfare Allowance scheme and the proposed Sickness Allowance scheme would not be proceeded with. The net effect of the Group's proposals in relation to social assistance payments is to reduce the potential number of payments from 5 to 2.
- 17.1.7** Overall the Working Group's proposals would lead to a significant rationalisation of the system of income support for people with disabilities and illnesses, with a halving of the potential number of different payment schemes from 9 to 5 (or possibly 4) and with clearer distinctions between each payment. This would be of benefit, not alone to claimants in understanding the system, but also to those administering the schemes. The Working Group also makes a number of other recommendations to improve the overall comprehensiveness and consistency of the illness/disability payments system, including proposals to extend cover for Disability Allowance to all people who are in full-time residential care.

Scope for Alternative Approaches

- 17.1.8** The scope for alternative approaches to the current social insurance/social assistance model of income support for people who are ill and people with disabilities is also examined. In the light of the significant difficulties and uncertainties involved, the Working Group does not recommend any of the alternative approaches for public provision which are examined, i.e. Basic Income, Negative Income Tax or Universal Payment systems. While private insurance and compensation through the courts can enhance the level of social welfare support provided, the Working Group does not see any wider role for these options in replacing the current State system. However, in the light of a number of developments which have taken place since it was last considered, the Group recommends that a re-examination of Statutory Sick Pay would have considerable merit at this stage, given the potential administrative savings for DSFA and the potential to reduce absenteeism rates. In view of the issues involved, such consideration would be best progressed through the social partnership structures. As a first step, the Working Group recommends that the current incidence of payment of sick pay by employers should be established.

Combating Poverty and Promoting Social Inclusion

17.1.9 Expenditure on illness and disability payments is substantially redistributed to lower income households, with 76% going towards households in the lowest income decile and 89% going towards households in the bottom half of income distribution. However, the limited data available would suggest that people with disabilities and illnesses face higher poverty rates than the population generally. For instance, while the risk of consistent poverty among households headed by a sick or disabled person has reduced by over a third in the period between 1994 and 2001, this risk is still four times as high as for the population generally. Households headed by a person who is sick or disabled now have the highest risk of falling below relative income thresholds. The risk of consistent poverty for people receiving illness and disability payments has reduced by over a quarter between 1994 and 2001, but this risk is over 3 times higher than for the population generally. For people receiving illness and disability payments, the risk of falling below the 60% relative income line has increased almost five-fold during this period and is now over twice as high as for the population generally. These poverty rates reflect, inter alia, the trends in the rates of social welfare payments relative to incomes generally. They may also reflect –

- the lack of employment opportunities for people with disabilities,
- the lack of comprehensive support towards meeting the additional costs of disability,
- the impact of extended duration on social welfare payments, and
- differences in household composition among this group which can impact on patterns of income and consumption.

17.1.10 The illness and disability payment schemes make an important contribution towards combating social exclusion of people who are ill or disabled through the provision of adequate income support and they have the potential to do more by strengthening employment support. However, given the multi-dimensional nature of social inclusion, the specific contribution of income support measures may necessarily be limited. Nevertheless, in view of the range of issues emerging, it is considered that the wider social inclusion agenda will have a more important role in this area in the coming years and that the operation of the income maintenance payments for people who are ill or disabled may need to be adapted to take account of these wider issues.

Provision of Supports for Work

17.1.11 While the Department of Social and Family Affairs does not itself operate specific employment and training programmes, it aims through its range of supports to encourage and assist people with disabilities and long-term illnesses to identify and take up available employment, training, educational and other self-development opportunities. However, sample surveys undertaken by the Working Group highlight that availing of these supports results in generally very poor outcomes, in terms of progression to employment.

17.1.12 The Working Group identifies a number of difficulties with the operation of the current social welfare employment supports, including the loss of secondary benefits on taking up employment and the conflicts in trying to reconcile the underlying qualifying criteria that require claimants to be incapable of work with the fact that many claimants have some employment potential. The Group concludes that there are a number of significant gaps in the operation of the current system of employment supports for this group which need to be addressed, including the fact that there is no provision for partial (in)capacity for work; there is no meaningful assessment of employment potential; there is little active engagement with those who have an employment potential; and there is no follow-up on completion or cessation of the

employment support measure. The Working Group also stresses the importance of meeting the additional costs of disability in ways that are less dependent on labour force status, if people with disabilities are to be given the opportunity of participating in the workforce.

17.1.13 The Working Group considers that there is no one single option which offers a total solution to all of these problems. Rather a combination of measures is required which should include –

- A recognition of the fact that some people’s medical and other circumstances may mean that they have some capacity for work, but may never achieve full-time work;
- Ensuring that whatever employment support measures are adopted do not act as a disincentive for people with disabilities and long-term illnesses in maximising their employment and earnings potential;
- Retaining a range of employment supports for different client groups, and ensuring that clients are referred to the most suitable option, having regard to the nature of their illness/disability, age and social circumstances etc.; and
- The introduction of early intervention measures which are aimed at re-integrating people who sustain serious illnesses, injuries and disabilities back into the workforce before they become long-term dependant on social welfare payments.

17.1.14 The Working Group recognises that some of these options would involve significant extra resources having to be deployed than is currently the case. However, given the potential gains for both individual clients and for the Department, the Group recommends that these options should initially be explored by way of pilot projects which would be better able to assess the benefits of such approaches, including the additional resources and potential savings involved.

17.2 Poverty Proofing

17.2.1 Arising from a Government decision of 23 July, 1998, it is a requirement that significant policy proposals indicate clearly the impact of those proposals on groups in poverty or at risk of falling into poverty. Following on from this, a standard template for “poverty proofing” significant policy proposals has been developed.

17.2.2 In examining the impact of its proposals on groups in or at risk of poverty, the Working Group considers that the nature of this review does not lend itself to the standard poverty proofing template. Given the administrative nature of many of the proposals contained in this Report and the fact that relatively small numbers of people might be affected by them initially, the Group does not assess each of the recommendations individually for their impact on poverty. In keeping with the aim of the review, which is to provide an overview of all income maintenance schemes, it is felt that it would be better to consider the overall impact of these schemes on poverty. Accordingly, the Working Group considers that the analyses which it has carried out throughout this report comprehensively address the impact of its proposals on groups in poverty and at risk of falling into poverty. This is particularly the case in Part 3, which deals with how well the objectives of the illness and disability payment schemes are being met.

17.2.3 The Review of the National Anti Poverty Strategy identifies people with disabilities as being a vulnerable group and has identified that *“the overall objective is to increase the participation of people with disabilities in work and in society generally and to support people with a disability, and their families, to lead full and independent lives.”*²²² The Working Group considers that the overall thrust of its proposals is fully in line with this objective.

²²² Department of Social and Family Affairs, *Building an Inclusive Society: Review of the National Anti Poverty Strategy under the Programme for Prosperity and Fairness* (Dublin: The Stationary Office, 2002).

17.3 Main Recommendations of the Working Group

The main recommendations of the Working Group are as follows -

Adequacy of Income Support Provision

1. *Needs arising from the additional costs of disability should be addressed separately rather than through higher basic income maintenance payments, which would not be targeted at those individuals whose needs are greatest. The additional costs of disability are best met in ways that are less dependent on the person's labour force status.*

(paras. 1.7, 6.3.3, 6.6.10, 8.2.5)

2. *The significant increase in recent years in the numbers on Disability Allowance and the over-representation of female recipients of DB in particular age groups merit closer examination in the context of more detailed reviews of these schemes.*

(paras. 3.2.8 and 3.5.11)

3. *In considering any future improvements in the payment schemes for carers, care should be taken to ensure that these payments do not become significant barriers for people with disabilities who wish to achieve more independent living or to take up available employment and training opportunities.*

(para. 6.4.11)

4. *Because of the nature of the Disablement Benefit scheme, concurrent payment of this benefit with other social welfare payments should continue, where this occurs.*

(para. 6.5.4)

5. *Concurrent payment of illness and disability payments with all other social welfare payments (other than Disablement Benefit) should be discontinued for new cases.*

(paras. 6.5.5, 6.5.6, 6.5.12, 11.5.14 and 12.5.6)

6. *Overlaps between personal rates of illness and disability payments for young recipients and child dependant increases payable in respect of the same people should be discontinued for new cases.*

(para. 6.5.14)

7. *Given that many of the issues involved in an examination of the overlaps between illness and disability payments for young recipients and Child Benefit payable in respect of the same person are beyond the remit of this review, it was not possible to come to definitive conclusions on this matter.*

(para. 6.5.21)

8. *The higher risk of poverty among people with illnesses and disabilities may reflect, inter alia, the lack of employment opportunities for people with disabilities, the lack of comprehensive support towards meeting the additional costs of disability, the impact of extended duration on social welfare payments and differences in household composition. These are issues that could usefully be explored in further more detailed research.*

(paras. 7.5.15 and 7.9.3)

Simplification of Systems

9. *In principle, where efficiencies can be achieved through the merger of Occupational Injury Benefit payments with corresponding social insurance payments, such mergers should be pursued. In this regard, the Injury Benefit and Unemployability Supplement schemes should be retained, but merged into a single scheme catering for short-term and long-term incapacity in cases of occupational accidents, where the claimant does not have an entitlement to either DB or Invalidity Pension.*

(paras. 10.4.2 and 10.7.1)

10. *People injured at work who qualify for DB under the new arrangements would be advised of their possible entitlement to Disablement Benefit and/or Medical Care.*

(para. 10.7.2)

11. *Where a DB claim lasts for at least a year, the same tax arrangements as apply in the case of Invalidity Pension should be applied.*

(para. 11.5.13)

12. *The current arrangements for social insurance provision for long-term illness and disability need to be improved, either by integrating the DB and Invalidity Pension schemes or by the introduction of a clearer distinction between both payments. However, the Group could not agree on which of these 2 options provided the best way forward.*

(para. 11.8.1)

13. *An examination of the operation of the medical review and assessment system for illness and disability payments is warranted and this should form the basis of a separate review.*

(para. 11.8.5)

14. *There should be one single means-tested payment for people with disabilities, regardless of the nature of the disability. As the Disability Allowance scheme better reflects the needs of people with disabilities, the Blind Person's Pension should be merged into an adapted DA scheme. Existing blind pensioners who would be better off under DA would have their payments increased, while those adversely affected would have their existing entitlements preserved for the duration of their claim.*

(para. 12.6.1)

15. *In the light of recommendation 5 above, that concurrent payment of illness and disability payments with all other social welfare payments should be discontinued for new cases, the position of former blind pensioners with “preserved” entitlement to concurrent payments should be reviewed in the event of provision being made in the future for the additional costs of disability.*

(para. 12.6.2)

16. *If, following the deliberations of the PPF Working Group on the Feasibility of a Cost of Disability Payment, any new arrangements are introduced to address the additional costs of disability, then the future role of the Blind Welfare Allowance would have to be considered in the light of such arrangements.*

(para. 12.7.9)

Improving Comprehensiveness and Consistency

17. *An examination should be undertaken of those classified as being sick and claiming Supplementary Welfare Allowance for more than a year and of those classified as awaiting payment of Disability Allowance, to ensure that people in these categories are properly classified.*

(para. 13.4.15)

18. *Based on the limited statistical information available, and in view of the lack of any financial gain for clients and the potential disimprovements in customer service associated with the introduction of a Sickness Allowance scheme, the current arrangements for dealing with the social assistance needs of those who are short-term ill or disabled should continue to apply. In addition, the Infectious Diseases (Maintenance) Allowance should be merged into the Supplementary Welfare Allowance scheme.*

(para. 13.5.1)

19. *Many of the problems involved in catering for the social assistance needs of people who are temporarily ill arise from the categorised nature of the social assistance payments structure. The introduction of a single means-tested income support payment in place of the current range of contingency-based payments could resolve many of these difficulties. The implications of such an approach, which would represent a radical departure from the way in which the social assistance system has operated to date, could usefully be explored under the Expenditure Review process.*

(paras. 13.5.2 and 13.5.3)

20. *The question of extending cover for Invalidity Pension to the self-employed is a complex matter and involves consideration of a number of issues which are beyond the remit of this review. As these issues are being examined separately by the Department, no recommendations are made in this area.*

(para. 14.2.5)

21. *The residential care disqualification for Disability Allowance purposes should be removed.*

(para. 14.3.18)

22. *The operation of measures such as the graduated rates of DB, which limit the amount of DB payable to those on reduced earnings, is still warranted. The current level of the weekly income thresholds associated with the operation of the graduated DB arrangements represents a serious employment disincentive. Measures should be taken to ensure that the current rates of DB do not act as a disincentive to employment in the case of people on reduced earnings.*

(paras. 15.2.6, 15.2.20 and 15.2.22)

23. *A change in the minimum age for payment of DA is not recommended at this stage, as it would create a significant gap in the current range of supports for young people with disabilities. Early intervention measures should be introduced to cater for the potential difficulties involved in paying DA to young people with disabilities.*

(paras. 15.3.14 and 9.7.2)

24. *In principle, all recipients of illness and disability payments aged 66 and over should be automatically transferred to the appropriate pension payment.*

(para. 15.4.5)

25. *Some of the illness/disability payments need to be renamed to more accurately reflect the contingencies involved. The Disability Benefit scheme should be renamed Incapacity Benefit and the merged Disability Allowance/Blind Person's Pension scheme (see recommendation 14 above) should continue to be named Disability Allowance.*

(paras. 15.5.3 and 15.5.5)

26. *The question of the payment of illness/disability payments to non-nationals raises concerns as to the operation of the broader social welfare system, which were beyond the remit of this review. As these issues are being examined separately by the Department, no recommendations are made in this area.*

(para. 15.6.3)

Scope for Alternative Approaches

27. *In the light of the significant difficulties and uncertainties involved, a move from the current social insurance/social assistance model of income support for people who are ill and people with disabilities to alternative approaches for public provision, such as Basic Income or Universal Payment systems, is not recommended.*

(paras. 16.2.18, 16.3.9, 16.4.14 and 16.9.1)

28. *While private insurance schemes and compensation through the courts can enhance the level of social welfare income support, a wider role for these options in replacing the current State system is not recommended.*

(paras. 16.6.10 and 16.9.2)

29. *In view of the changes that have occurred since it was last investigated, it is considered that a re-examination of Statutory Sick Pay would have considerable merit at this stage, given the potential administrative savings for the Department and the potential to reduce absenteeism rates. As a first step, the current incidence of payment of sick pay by employers should be established. In view of the issues involved, such consideration would be best progressed through the social partnership structures.*

(paras. 16.7.9 and 16.9.2)

Strengthening Employment Support

30. *In principle there should be a range of employment support options/schemes available to fit the different situations of people with disabilities and people who are ill, e.g. those capable of some work, capable of part-time work, in need of rehabilitation/retraining etc. This would represent a considerable easing of the existing qualification criteria and would pose control problems unless it was possible to ensure that individual clients were on the most appropriate scheme.*

(para. 8.3.3)

31. *Statistical information should be systematically recorded on those availing of various employment/training support measures, focussing, in particular, on outcomes and distinguishing between the different supports availed of, e.g. CE, FÁS training etc.*

(para. 8.3.11)

32. *The introduction of measures for the active case management of those identified as having employment potential and for targeting more effectively the existing employment supports at particular groups would avoid the need for reliance on inappropriate concepts such as “rehabilitative work or employment”.*

(para. 8.3.19)

33. *The imposition of a time limit on exemptions from the Rules of Behaviour in the case of “therapeutic” employment would appear to be inappropriate.*

(para. 8.3.20)

34. *For DB recipients who are likely to drift into long-term illness, the possible benefits of early intervention measures should also be explored through the establishment of a pilot project which would assess the potential of such measures in terms of re-integration back into the workforce.*

(paras. 8.3.21, 9.6.3 and 9.7.2)

35. *Early intervention measures should also be introduced to cater for the potential difficulties involved in paying DA to young people with disabilities.*

(paras. 8.3.23, 9.6.4 and 9.7.2)

36. *A “one size fits all” approach, whereby the same range of additional supports, such as Free Schemes etc., are made available to all people with disabilities, regardless of their circumstances may not be the most suitable approach, particularly given the potential employment disincentive effects involved. Any examination of possible mechanisms for overcoming the potential disincentive effects posed by the loss of these additional benefits by people with disabilities on taking up employment should also encompass an examination of the appropriateness of the provision of the Free schemes etc. to this group, in the first instance.*

(paras. 8.3.28 and 8.3.32)

37. *In the absence of a comprehensive Needs Assessment procedure for people with disabilities, the application process for receipt of illness and disability payments should be adapted so as to better ascertain information on the claimant’s current and future employment potential.*

(para. 9.7.2)

38. *Where people with disabilities and long-term illnesses have been assessed as having employment potential, there should be a more active engagement with them through the introduction of a locally-based case management procedure.*

(para. 9.7.2)

39. *Ideally such a case management system should involve the various agencies concerned, but in the interim the DSFA Job Facilitators are well placed to carry out such a role. However, due to the limited numbers of Job Facilitators currently available, the potential benefits of a case management procedure should be explored through the establishment of a pilot project.*

(paras. 8.3.7 and 9.7.2)

40. *Based on the experience of the operation of a case management process, the various employment support measures should be operated in a more targeted way, with existing supports being adapted where necessary and new supports being introduced to meet the needs of particular groups.*

(para. 9.7.2)

41. *Subject to the difficulties outlined in paragraphs 9.4.5 and 9.4.8 being satisfactorily resolved, a specific payment should be introduced in order to address the gap in provision for people with disabilities who only have a partial capacity for work. This payment would need to be tied into a suitable assessment procedure and case management structure and should be structured in such a way that it does not act as a disincentive to people in maximising their employment/earnings potential.*

(para. 9.7.2)

Appendices

Appendix

I Membership and Methodology of Working Group

Membership of Working Group

*John Bohan (Chair)	Planning Unit, Department of Social and Family Affairs
Enda Flynn	Planning Unit, DSFA
Eoin Corrigan	Planning Unit, DSFA
Brian Ó Raghallaigh	Programme Evaluation Unit, DSFA
*Anne McManus	Corporate Development Section, DSFA
Phil Cox	Social Welfare Services, Longford, DSFA
Enda Whelan	Social Welfare Services, Sligo, DSFA
Michael Sullivan	General Benefits Section, DSFA
Anne Keating	General Benefits Section, DSFA
Anne-Marie Kilkenny	Department of Health and Children
Frank Tracy	Department of Health and Children
John Fitzpatrick	Department of Finance

* Arising from a change of duties in August, 2002, John Bohan took over as chair of the Working Group from Anne McManus, who continued on as an ordinary member of the Working Group.

Michael Sullivan replaced Michael Murphy in July, 2001 and Eoin Corrigan replaced Niall O'Hanlon in October, 2001, as DSFA representatives.

Anne-Marie Kilkenny and Frank Tracy replaced Tommy Wilson, as the Department of Health and Children's representatives in August, 2001.

John Fitzpatrick replaced Tom Murphy as the Department of Finance's representative in October, 2002.

In addition, the following other people attended various meetings of the Working Group as substitutes or in connection with specific issues which were being discussed by the group –

DSFA: Brendan Boyd, Margaret Dawson, Anne Delaney, Maeve Farrell, Mary Hallissey, Ann Howard, Rosanna Kearns, Deirdre Nichol, Martin Perrill, Ita Reid

Department of Health and Children: Stephan Doran, Brendan Ingoldsby, Seamus Molloy, Paula Monks, Stephanie Walsh

Department of Finance: Tony Carberry, Cormac Carey, Susan McKiernan, Paul O'Brien.

The Working Group would also like to thank Donncha DeBúrca, Sean Logan and Angela McLoughlin for all their assistance in providing statistical material for this review.

Methodology Employed by Working Group

In order to progress its work, the Working Group undertook an extensive review of relevant literature and also engaged in consultations with a wide range of representative groups and other interests.

Review of Relevant Literature

The following sources of information were employed, in particular, in attempting to identify the objectives of the various illness and disability payment schemes –

- The historical background to the introduction and development of the schemes was elicited from the *Department's files, Parliamentary Debates, Parliamentary Questions, the periodical reports of the Department, the 1949 White Paper Containing Government Proposals for Social Security* and a range of other publications.
- A review of international social security provision for people who are ill and people with disabilities was undertaken.
- The conclusions and recommendations of relevant Commissions, Committees, Working Groups etc. were examined, including –
 - *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities, 1996* and the reports of relevant working groups of the Commission, e.g. the *Income Support Working Group*,
 - *The Report of the Commission on Social Welfare, 1986*,
 - *Towards an Independent Future: Report of the Review Group on Health and Personal Social Services for People with Physical and Sensory Disabilities, 1996*,
 - *Employment Challenges for the Millennium: Report of the NRB's National Advisory Committee on Training and Employment on Sheltered and Supported Work and Employment, 1997*.
- Current Government commitments contained in the –
 - *National Anti-Poverty Strategy, 1997* and *Building an Inclusive Society: Review of the National Anti-Poverty Strategy, 2002*,
 - *An Action Programme for the Millennium, 1997* and *An Agreed Programme for Government, 2002*,
 - *Programme for Prosperity and Fairness, 2000* and *Sustaining Progress, 2003*.
- Relevant literature was reviewed in order to ascertain current policy and experience in relation to the provision of income support for people who are ill and people with disabilities (see Bibliography in Appendix VII).
- The statistical information contained in the report has been derived from a number of sources, including *the periodical reports of the Department, the annual Statistical Information on Social Welfare Services, statistics compiled by relevant sections of the Department, the Census of Population in Ireland* carried out by the Central Statistics Office and *the Living in Ireland Surveys* carried out by the Economic and Social Research Institute. Information on the various health allowances was supplied by the Department of Health and Children. In addition, a number of sample surveys were undertaken in order to establish the outcomes in terms of progression to employment of participation in the various social welfare employment support measures available for people on illness and disability payments.

Consultations

A key feature of the Department's programme evaluation process is consultation with relevant representative organisations and interest groups and accordingly, one of the specific terms of reference of this review required the Working Group to consult with stakeholders.

Disability Consultative Forum

The Working Group sought the views of the Disability Consultative Forum, which is chaired by the Department of Social and Family Affairs. This consultative forum, which meets on a regular basis, comprises the main organisations representing people with disabilities, their families and carers, and also the main organisations representing service providers. The forum acts as a channel to communicate the views of these representative organisations to the Department and also provides a mechanism to review and make recommendations which can then be input into the policy making process. The following representative organisations participated in the consultative process for the purposes of this review –

- National Rehabilitation Board²²³
- Disability Federation of Ireland (DFI)
- Forum of People with Disabilities
- Irish Council of People with Disabilities (now People with Disabilities in Ireland)
- Irish Wheelchair Association
- National Association of Mentally Handicapped in Ireland
- Federation of Voluntary Bodies Representing People with Disabilities

In addition to the views provided at the forum meeting, a number of these organisations followed up with written submissions to the Working Group. Following on from the consultations with the Disability Consultative Forum, DFI organised a consultation meeting between representatives of their member organisations and the Working Group.

Other Consultations

The Working Group also consulted with the following organisations –

- The National Council for the Blind and the National League of the Blind, in view of the fact that there is a specific social welfare payment (the Blind Person's Pension) that relates to people who are blind or visually impaired,
- The Irish Congress of Trade Unions
- The National Disability Authority
- Comhairle
- The Irish Business and Employers Confederation
- The Department of Enterprise, Trade and Employment and FÁS

²²³ Following the dissolution of the National Rehabilitation Board in 2001, the National Disability Authority, Comhairle and the Eastern Regional Health Authority are now represented on the Disability Consultative Forum.

The Working Group consulted with a number of areas of the Department of Social and Family Affairs which, although not represented on the Working Group, had an involvement with people on illness and disability payments at different levels –

- The Social Welfare Appeals Office
- The Decisions Advisory Office
- The Medical Advisers
- The Employment Support Section

Use of Other Consultative Processes

In addition to the formal consultations carried out, as outlined above, the Working Group also took account of the views and proposals emanating from other consultative processes. For example, the Department organises an annual Pre-Budget Forum for the main organisations representing the interests of the different social welfare claimants. DFI, People with Disabilities in Ireland and the Forum of People with Disabilities are also represented on this forum. Written pre-budget submissions are also received from a variety of other organisations. In addition, the deliberations of a conference hosted in 2001 by the Department on employment supports for people with disabilities was of considerable benefit to the Working Group in formulating its proposals in this area.

Appendix

II Background to the Introduction of the Illness and Disability Payment Schemes

1 Origins of Social Protection in Ireland

1.1 Early Developments

1.1.1 Social protection in the formally organised sense in which it exists today is of relatively recent origin in historical terms. The early measures developed in a piecemeal and uncoordinated fashion through relatively small voluntary bodies, and gradually assumed a contributory or insurance aspect. For instance, for over 150 years before the introduction of the first State compulsory sickness insurance in 1912, Friendly and Provident Societies and, to a much lesser extent, Trade Unions, had provided schemes for the payment of cash benefits during periods of sickness. To a considerable extent, these organisations showed the path and set the pace in devising the best ways and means of providing assistance on a really wide scale. The machinery they evolved and also the insurance codes developed by individuals, private companies and corporations provided the State with a ready made pattern of operation, when, at a comparatively late stage, it entered the modern social welfare field.²²⁴

1.1.2 The earliest social welfare enactment introduced in Ireland is the Poor Relief (Ireland) Act of 1838 which was an adaptation of a British code of earlier origin to the circumstances of Ireland. This Act inaugurated a system of institutional relief of the sick and destitute poor, financed by local poor rates and administered locally by specially constituted poor law authorities. Gradually the original restricted power to afford relief only in an institution was replaced by a move to “outdoor relief” through the provision of assistance to any person without resources who was unable to provide for the necessities of life by his own industry or other lawful means. This met, to some degree, the major evils of destitution and remained the main social welfare measure for a further 70 years.

1.1.3 The first legislation to be introduced in this country dealing with the welfare of wage-earners was the Workmen’s Compensation Act, 1897. This Act, which represented a radical departure from the Poor Law concept of reluctant relief of destitution, established a legally enforceable right to benefits for defined classes in prescribed contingencies.

1.2 Introduction of National Insurance

State involvement in provision for the sick and disabled effectively dates from the National Insurance Act, 1911. Before this there was no State provision for the needs of this group, outside the rudimentary facilities provided by the Poor Law. Those who could not afford treatment had to rely on charitable assistance or membership of a friendly society. These societies had existed for several centuries, but with 19th century industrialisation had come into their own in providing support, particularly in cases of sickness and death, for the more prosperous workman.²²⁵ The origins of the provisions for sickness benefit can be traced to the operation of Friendly Societies. When the Report of the Royal Commission on Poor Laws and Relief of Distress (1909) highlighted the inadequacies of the poor law to cope with the sick and disabled

²²⁴ Department of Social Welfare, *First Report of the Department of Social Welfare 1947-1949* (Dublin: The Stationery Office, 1950), 2.

²²⁵ Ogus, A.I., Barendt, E.M. and Wikeley, N.J., *The Law of Social Security*, Fourth Edition, (London: Butterworths, 1995), 149-150.

and indicated the need for a compulsory insurance scheme, it was considered appropriate to build on the foundations of the existing Friendly Societies.

1.3 National Health Insurance

1.3.1 The original National Insurance Act comprised two main parts. The first part - National Health Insurance - dealt with sickness, disablement and maternity benefits and also medical care. The second part - Unemployment Insurance - dealt with unemployment benefits.²²⁶ The introduction of National Health Insurance in 1912 had two broad objectives –

- the provision of cash payments during illness and at the time of confinement, and
- the prevention and cure of sickness.

However, the introduction of these provisions met with considerable opposition both in Great Britain and in Ireland. The Friendly Societies, the insurance companies and particularly the medical profession all campaigned vigorously to preserve their vested interests in the existing systems.²²⁷ In the event, the scheme that was introduced represented a compromise. Furthermore, as a result of pressure brought to bear by the Irish Members of Parliament, Ireland was excluded from the medical scheme for the prevention and cure of sickness on the grounds that the adoption of this measure might restrict the medical dispensary services already in operation here.²²⁸

Benefits Available under National Health Insurance

1.3.2 Under the 1911 Act, National Health Insurance was made compulsory for almost all people aged between 16 and 70 who were either manual workers employed under a contract of service or non-manual workers employed under a contract of service and earning less than £160 a year. The scheme was financed by contributions from insured persons (who became members of approved societies), their employers and the State. The fund into which contributions were paid was known as the National Health Insurance Fund. The scheme was operated under the supervision of the Irish Insurance Commissioners by bodies approved by them and known as “approved societies”. Of the societies approved for the operation of the scheme, the majority were already in existence as Trade Unions, Friendly Societies or Industrial Insurance Companies.

1.3.3 The benefits consisted of cash payments in respect of short-term illness (Sickness Benefit), long-term illness (Disablement Benefit) and in respect of maternity (Maternity Benefit). Sanatorium Benefit, which was administered through specially constituted local bodies known as “Insurance Committees”, was also provided. Increases in cash benefits and non-cash treatment benefits, e.g. hospital, dental and optical benefits, could also be provided for members of an approved society if, on periodic actuarial valuation, the society was found to have a disposable surplus.

Sickness Benefit

1.3.4 To qualify for Sickness Benefit an insured person was required to have 26 weeks (6 months) of insurance and 26 contributions paid. Benefit, which was paid after a 3 “waiting day period”, lasted for a maximum of 26 weeks and was originally payable at the rate of 10 shillings (€0.63) for a man and 7 shillings and 6 pence (€0.48) for a woman. There were no additional allowances in the case of dependants.

²²⁶ The Unemployment Insurance Act, 1920, which extended the scope of unemployment benefits, also established Unemployment Insurance as a distinct code from National Health Insurance, which continued to deal with sickness, disablement and maternity benefits.

²²⁷ *The Law of Social Security*, 150.

²²⁸ Farley, Desmond, *Social Insurance and Social Assistance in Ireland* (Dublin: Institute of Public Administration, 1964), 30.

Disablement Benefit

- 1.3.5** To qualify for Disablement Benefit an insured person was required to have 104 weeks (2 years) of insurance and 104 contributions paid. Disablement Benefit was payable after the exhaustion of Sickness Benefit and the original rate of payment was set at 5 shillings (€0.32) for both men and women (i.e. half the standard rate of Sickness Benefit). No additional allowances were paid in the case of dependants.

Sanatorium Benefit

- 1.3.6** The introduction of Sanatorium Benefit under the National Insurance Act formed part of a more active effort by the State to tackle tuberculosis. This included the building of tuberculosis sanatoria, hospitals and other institutions. In the period 1930-31, the Insurance Committees which had been set up under the National Insurance Act, 1911 were abolished and responsibility for the provision of Sanatorium Benefit was transferred to local authorities (see section 7 of this Appendix for further details on Infectious Diseases (Maintenance) Allowance).

Principal Changes in National Health Insurance

- 1.3.7** The main changes introduced in the National Health Insurance scheme were –
- the extension of coverage to non-manual workers earning up to £250 (€317.43) a year in 1920 and the further increase in this threshold to £500 (€634.87) a year in 1947;
 - the amalgamation in 1933 of all 65 existing approved societies into a single unified society - the National Health Insurance Society (Cumann an Arachais Náisiúnta ar Shláinte); and
 - changes to the financial structure of the scheme.

1.4 Introduction of Social Insurance

Establishment of Department of Social Welfare

- 1.4.1** In addition to the introduction of National Insurance, the first half of the 20th century saw further piecemeal development of the Irish social welfare system with the introduction of additional benefits on both a contributory and non-contributory basis. These services were under the control of a number of different Government Departments, e.g. the Department of Industry and Commerce, the Department of Local Government and Public Health and the Revenue Commissioners. In addition, there were three separate insurance codes in operation with separate contributions for each - National Health Insurance, Unemployment Insurance and Widow's and Orphan's Insurance.
- 1.4.2** Experience had shown that there was need for co-ordination in the administration of the various income maintenance schemes in the interest of efficient delivery and control. It was therefore, decided to establish a separate Department of Social Welfare to take responsibility for the administration of the mainly income maintenance services and their future development. At the same time a separate Department of Health was set up to take responsibility for the health services which, until then, had been administered by the Department of Local Government and Public Health. Both new Departments were established in January, 1947.

White Paper on Social Security (1949)

- 1.4.3** The administrative concentration effected by the establishment of the Department of Social Welfare in 1947 was a first step towards the co-ordination and reform of the social welfare services. It had been evident for some time that their independent and spasmodic development had given rise to various anomalies and inconsistencies and that they had a number of defects and shortcomings. A White Paper on Social Security was published in 1949 outlining the Government's proposals for new unified social security measures. The White Paper proposed the replacement of the 3 separate insurance codes then in existence with a single social insurance code which would extend to the entire employee class and which, in addition to the existing benefits, would also provide social insurance cover for two new contingencies, i.e. retirement pensions and death grants.²²⁹

Social Welfare Act, 1952

- 1.4.4** Many of the proposals outlined in the White Paper were given effect in the Social Welfare Act, 1952, although some important proposals, including the introduction of the new retirement pension and death grant schemes and the extension of social insurance cover to all employees, were not proceeded with. The main accomplishment of the Social Welfare Act, 1952 was the replacement of the separate insurance codes for unemployment, widow's and orphan's pensions and national health by a single co-ordinated social insurance system. The 1952 Act also provided for –
- New contribution conditions, under which the duration of benefit was no longer directly related to the number of contributions paid;
 - The award of credited contributions during periods of illness and unemployment; and
 - The replacement of the Sickness and Disablement Benefit schemes, which were part of the former National Health Insurance scheme, by a single Disability Benefit scheme.

2 Disability Benefit

2.1 Shortcomings Identified in National Health Insurance

The 1949 White Paper on Social Security identified a number of shortcomings in the operation of the Sickness and Disablement Benefit schemes under the National Health Insurance system -

- unlike Unemployment Insurance, there were no adult or child dependant increases paid with Sickness or Disablement Benefits;
- unlike Unemployment Insurance, a lower rate of benefit was paid after 26 weeks of incapacity;
- the Sickness Benefit rates were reduced or could be suspended where contributions were in arrears. No such reductions applied to Unemployment Insurance.

2.2 Proposals for Disability Benefit Scheme Contained in 1949 White Paper

- 2.2.1** The expressed objective of the then National Health Insurance legislation was to provide both for insurance against loss of health and for the prevention and cure of sickness. The latter objective however, was never attempted in Ireland, except to the extent of providing for Sanatorium Benefit and the provision of some Treatment Benefits. The 1949 White Paper proposed that the social insurance scheme would be confined to the grant of monetary benefits

²²⁹ Department of Social Welfare, *White Paper Containing Government Proposals for Social Security* (Dublin: The Stationery Office, 1949), Introduction.

and that medical care should be regarded as falling mainly within the province of the Department of Health. However, pending completion of that Department's plans, it was proposed to make provision for the continuation of the Additional Benefits available under National Health Insurance to insured persons.²³⁰ Care would be taken to avoid duplication of payments involving in particular, allowances granted under the special scheme of the Department of Health in cases of infectious diseases.²³¹

2.2.2 The White Paper argued that on the grounds that a sick person's needs or those of their dependants do not diminish with the passage of time, benefit would be continued at a uniform level so long as sickness lasts. The distinction under the National Health Insurance scheme as between Sickness Benefit (for the first 6 months) and a lower Disablement Benefit (after 6 months) would be abolished and the new benefit was to be known as "Disability Benefit".

2.2.3 For those who qualified by having paid the necessary contributions, benefit would be available, as had been the case previously, during periods of incapacity for work due to some disease or bodily or mental disablement. The White Paper pointed out that those who would not qualify for Disability Benefit (DB), for example, persons with a disability from an early age, would continue to have the assistance schemes available for them. The White Paper further argued that the very generous nature of the new DB scheme (for instance, payment for a married man with 2 children was more than doubled from 22 shillings and 6 pence (£1.43) to 50 shillings (£3.17) a week) would emphasise the important role which the medical profession would be asked to play to ensure that benefit would be payable only where it was justified.²³²

2.2.4 The contribution conditions for receipt of DB were also somewhat different to those applying in the case of the Sickness Benefit and Disablement Benefit schemes. For entitlement to DB at the full-rate, 26 paid contributions would be required and 50 paid or credited contributions in the Governing Contribution Year.²³³ Reduced rate benefit would be paid where a person had between 26 and 50 paid or credited contributions in the Governing Contribution Year. If the total number of contributions paid was less than 156, benefit would be limited in duration to 52 weeks in any period of interruption of employment. After exhaustion of title to such limited benefit, requalification could be secured on payment of a further 13 contributions. When 156 contributions were paid, benefit could continue during illness up to pension age (70 years at that stage).

2.2.5 The White Paper concluded that social security would provide the worker with incentives to increase his output and so improve industrial and agricultural productivity.²³⁴

2.3 Proposals Contained in 1952 Act for Disability Benefit Scheme

2.3.1 The proposals for the new DB scheme as set out in the White Paper were incorporated in the Social Welfare Act, 1952 and came into operation in January, 1953. However, the extension of social insurance cover to all employees regardless of earnings, as envisaged in the White Paper,

²³⁰ The Additional Benefits available at the time of publication of the White Paper were Dental Benefit, Hospital and Convalescent Home Benefit, Medical and Surgical Appliances, Optical Benefit and Specialist Medical and Surgical Treatment.

²³¹ *White Paper Containing Government Proposals for Social Security*, 22.

²³² *Ibid.*, 23.

²³³ The Governing Contribution Year at the time the DB scheme was originally introduced was the last complete income tax year before the start of the calendar year in which the claim for DB was made.

²³⁴ *White Paper Containing Government Proposals for Social Security*, 45.

was not proceeded with. The main category of employees not covered for social insurance purposes under the 1952 Act were non-manual employees whose earnings exceeded £600 (€761.84) a year.

2.3.2 In order to claim DB it was necessary for claimants to notify the Department of their incapacity within seven days. Delays in notification could lead to loss of benefit. Medical certificates available from a person's GP were required on a weekly basis, but where the illness was protracted, they could be furnished at less frequent intervals as determined by the Department. Most doctors had entered into agreements with the Department to supply medical certificates free of charge to insured persons. Doctors were paid by the Department on the basis of the numbers of certificates issued by each doctor.

2.3.3 Under the terms of the 1952 Act, DB was not normally paid while a claimant was in hospital, but where they had dependants payment could be made to a dependant. Where, during a claimant's stay in hospital, benefit was not being paid, it accumulated and was payable on their discharge, subject to a limit of £175 (€222.20). While the benefit was accumulating, they could apply for advances to meet such expenses as rent, insurance, etc. or to provide themselves with clothing or other necessities.

2.3.4 Lower rates of DB were paid in the case of married women and people aged under 18 years who had no adult or child dependants. When the scheme was originally introduced the standard rate payable was 24 shillings (€1.52), while the rate for married women and those under 18 years was 18 shillings (€1.14), i.e. 75% of the standard rate. In addition, a woman who married was disqualified for receiving benefit until she paid a further 26 contributions subsequent to her marriage.

2.4 Main Developments in Disability Benefit Scheme

2.4.1 The Disability Benefit scheme has continued to operate on broadly the same basis as when it was first introduced in 1953. The main developments which have occurred in the scheme are summarised below.

Extension of Scope of Social Insurance Cover

2.4.2 When the social insurance scheme was first introduced in 1953, it did not apply to non-manual workers earning more than £600 (€761.84) a year. No similar earnings limit applied to manual workers. The distinction between manual and non-manual workers had originally been made at a time when the levels of pay and working conditions of "white collar" workers were far better than those that applied in the case of manual workers. By 1974, however, it was recognised that these differences had largely been eroded. This earnings limit for non-manual workers was increased at various stages up to £1,600 (€2,031.58) and was finally abolished in April, 1974, when all non-manual workers became insurable for social insurance purposes, including DB.²³⁵

2.4.3 The next major extension of social insurance cover was introduced in April, 1991 when full social insurance cover was extended to part-time workers.²³⁶ In addition, full social insurance cover was extended to all persons who joined the public service on or after 6 April, 1995.²³⁷ This

²³⁵ Social insurance cover was also extended to the self-employed in 1988. However, this cover does not include cover for any of the sickness or disability payment schemes, e.g. DB, Occupational Injury Benefits, Invalidity Pension.

²³⁶ Part-time workers had previously only been covered for Occupational Injury Benefits.

²³⁷ Permanent and pensionable civil and public servants had only been liable for a limited range of benefits, which did not include DB.

change means that over time all civil and public servants will become insured for all social insurance benefits, including DB.

Changes in Eligibility Conditions

2.4.4 The original contribution conditions for DB were eased in 1956 when the requirement that at least 50 contributions must be paid or credited in the governing contribution year (GCY) for entitlement to full-rate benefit was reduced to 48. The restriction which, in general, precluded payment of DB to people for periods spent in hospital was removed in 1967. Apart from these changes, there were no other significant changes in eligibility conditions until the mid 1980's, when a range of measures were introduced to tighten the eligibility conditions, as follows –

- increase in the disqualification period from 6 to 9 weeks in 1986;
- discontinuance of payment of DB during periods of paid holiday leave in 1986;
- increase in the number of paid contributions required for entitlement to DB from 26 to 39 in 1987. In addition, the number of paid contributions required for entitlement to DB beyond 1 year was increased from 156 (3 years) to 208 (4 years) in 1987 and further increased to 260 (5 years) in 1988;
- discontinuance of payment of DB at half-rate to recipients of widows pensions and other analogous payments from 1987. Payment of half-rate DB was subsequently restored to these categories but limited to a maximum duration of 15 months in 1990. At the same time these categories became liable for the full employee element of the social insurance contribution;
- introduction of a 3 waiting day period for people transferring from Maternity Allowance to DB in 1988;
- the requirement that at least 48 contributions must be paid or credited in the GCY for entitlement to full-rate benefit was reduced to 39 in 1991 and the reduced rates of DB based on reduced contributions in the GCY were abolished;
- this requirement was further amended in 1992 when it was required that at least 13 of the 39 contributions in the GCY must be paid. This “13 paid” contribution test could also be satisfied where the claimant had the required 13 paid contributions in either of the 2 tax years preceding the GCY or in a subsequent tax year. This test was eased in 1993 when recipients of Long-Term Unemployment Assistance and Pre-Retirement Allowance were exempted from having to satisfy this rule;
- arising from the extension of full social insurance cover to part-time workers in April, 1991, a new condition for entitlement to DB was introduced in 1992, when it was required that the claimant had to have average weekly earnings in excess of £70 (€88.88) in order to qualify for the full-rate of payment. Where average weekly earnings are below this amount, DB is paid at reduced rates.

Introduction of Equality of Treatment

2.4.5 Arising from the recommendations contained in the 1972 Report of the Commission on the Status of Women, the condition which disqualified women, on marriage, from receiving Disability Benefit until a further 26 contributions were paid subsequent to their marriage was abolished in 1973. Following the implementation of the provisions of the 1979 EC Directive on Equal Treatment as between men and women in matters of social security, the lower rate of DB payable to married women was increased to the level of the standard rate in 1986. In addition, the dependency rules applying to the payment of increases for qualified adults and children were amended to apply equally to both men and women.

Taxation of Disability Benefit

- 2.4.6** Disability Benefit became taxable with effect from April, 1993. However, since April, 1998 the first 6 weeks of DB in each tax year is not liable for tax, while any increases in respect of a qualified child(ren) are not taxable since April, 1995.

2.5 Implications of Introduction of New Schemes on DB Scheme

- 2.5.1** The introduction of a number of new schemes has also had implications for the operation of the Disability Benefit scheme, e.g. Occupational Injury Benefits in 1967, Invalidity Pension in 1970 and Pay-Related Benefit in 1974.

Occupational Injury Benefits (OIB)²³⁸

- 2.5.2** The introduction of the Occupational Injury Benefits scheme did not have any significant implications for the operation of the DB scheme. In general, DB was not paid if a person qualified for compensation in respect of an occupational accident under the Workmen's Compensation scheme (the forerunner to the OIB scheme). Similarly, DB is not paid where a person qualifies for benefit under the OIB scheme in respect of incapacity for work as a result of an occupational accident. However, DB can be paid on an interim basis to a person who is incapacitated for work and who is awaiting the outcome of their application for Occupational Injury Benefit. In addition, as with all other social welfare payments, DB can be paid in addition to Disablement Pension paid under the Occupational Injury Benefits scheme.

Invalidity Pension²³⁹

- 2.5.3** The introduction of the Invalidity Pension scheme in October 1970, which formed part of proposals for structural changes and reorganisation of the social welfare services, had a significant impact on the Disability Benefit scheme. By the end of December, 1970 there were in the region of 11,600 people in receipt of Invalidity Pension. The numbers of recipients of Disability Benefit fell correspondingly. While the weekly number of DB recipients had been increasing progressively in the period immediately before the introduction of Invalidity Pension (up from some 50,100 in 1964 to 60,200 in 1969), this figure had fallen back to some 55,350 by the end of 1971. Nevertheless, even with the introduction of the Invalidity Pension scheme, the weekly number of recipients of Disability Benefit continued to rise and by the end of 1974 it had increased to some 65,700 (surpassing the numbers on DB prior to the introduction of the Invalidity Pension scheme). The numbers of recipients of DB continued to increase until they peaked in 1986 at over 79,000. However, following the introduction of a range of measures to tighten access to the Disability Benefit scheme over the period from the mid 1980's to the early 1990's, the numbers in receipt of benefit fell significantly to under 42,000 by 1994. While the numbers have increased to about 54,600 in 2002, this increase may be accounted for by the substantial increase in the workforce in the intervening period.
- 2.5.4** The numbers of Invalidity Pensioners also increased over the period from 1970 to 1986, up from some 11,600 to over 26,100. However, while the overall numbers on DB are lower now than in 1986, the numbers of Invalidity Pensioners have continued to increase in the period since 1986 – up over 100% to almost 52,150 at the end of 2002. Overall, in the period since the Invalidity

²³⁸ See section 3 of this Appendix for more detailed information on Occupational Injury Benefits.

²³⁹ See section 4 of this Appendix for more detailed information on Invalidity Pension.

Pension has been introduced, the total number of people claiming both Disability Benefit and Invalidity Pension has increased from 60,200 in 1969 to over 106,700 in 2002 – an increase of 77%.

- 2.5.5** The numbers of people in receipt of Disability Benefit and Invalidity Pension, as a percentage of the total number of people insured for these benefits, increased from 6.2% in 1953, when the social insurance system first came into operation, to 8.3% in 1969. The numbers peaked at 10.9% in 1986, but have since fallen back to 5.6% in 2001.

Pay-Related Benefit

- 2.5.6** Pay-Related Benefit (PRB), which was introduced in April 1974, was designed to provide an earnings related supplement to flat-rate DB, as well as Unemployment Benefit, Maternity Allowance and, in certain circumstances, Injury Benefit. It was considered that flat-rate benefits were not flexible enough and could not be adjusted or shaped to provide adequately for the different needs of persons who, when working, had not the same levels of earnings and, as a result, had widely differing financial commitments related to their levels of earning.²⁴⁰ It was not considered feasible to increase flat rate benefits to a level which might be regarded as adequate for the higher paid workers as it would require such an increase in contribution rates that it would represent an unduly heavy burden on the lower paid. Very high flat-rate benefits could also serve as a disincentive to work for the lower paid.

- 2.5.7** In introducing the PRB scheme, it was noted that such schemes were a feature of the social insurance systems of many countries and constituted a “major advance towards bringing our social security code in line with the social codes of the European Economic Community and other countries.”²⁴¹

- 2.5.8** The amount of Pay-Related Benefit was originally fixed at 40% of the claimant’s reckonable weekly earnings between a floor of £14 (€17.78) and a ceiling set at £50 (€63.49). The combined total of flat-rate Disability Benefit and Pay-Related Benefit could not exceed a person’s reckonable weekly earnings. Pay-Related Benefit, which was not normally paid for the first 2 weeks of a claim, was originally payable for up to 24½ weeks as long as the flat-rate benefit was also payable.

- 2.5.9** Numerous changes were made in both the duration and rate of PRB following its introduction in 1974 and by April 1976 it was payable on the following basis –

Duration	Rate at which PRB Paid
First 12 days	Not normally paid
13th day to 159th day (24½ weeks)	40%
160th day to 237th day (13 weeks)	30%
238th day to 315th day (13 weeks)	25%
316th day to 381st day (13 weeks)	20%

²⁴⁰ *Dáil Éireann, Parliamentary Debates*, Volume 263, 25 October 1972 to 23 November 1972 (Dublin: The Stationery Office, 1973), column 2049.

²⁴¹ *Ibid.*, column 2061.

2.5.10 The following other changes were made in the PRB scheme –

- The Pay-Related Social Insurance (PRSI) system was introduced in April, 1979. This system integrated the former flat-rate and pay-related social insurance contributions into a single pay-related contribution system. The ceiling on which the pay-related contributions were payable was increased from £2,500 (€3,174.35) to £5,500 (€6,983.56). At the same time the upper ceiling for the calculation of PRB was increased in line with the new ceiling for PRSI contribution purposes from £50 (€63.49) a week to £110 (€139.67);
- Both the floor and upper ceiling for PRB purposes were increased periodically during the 1980s and early 1990s;
- Arising from concern that the combined levels of flat-rate benefit and PRB were in some cases acting as a disincentive to work, a range of measures were introduced in 1983 and 1984, i.e. –
 - The percentage rates were reduced from 40% to 25% for the first 6 months of the claim and from 30% and 25% to 20% for the next nine months.
 - The waiting period for PRB was extended from 12 to 18 days.
 - The maximum level of Disability Benefit and PRB was reduced from 100% to 75% of reckonable earnings.
- The percentage rates of PRB were further reduced from 25% and 20% to a single rate of 12% from April, 1987.

2.5.11 The payment of PRB in addition to Disability Benefit was phased out with effect from April, 1992 as part of the policy of directing available resources towards those most in need, by increasing the basic rate of payment, rather than through pay-related supplements. This policy is broadly in line with the recommendations of the Commission on Social Welfare.²⁴² As PRB was phased out there were compensatory increases in the basic rate of DB, which were of benefit to all recipients. This contrasted with the payment of PRB, which was only paid in the case of a minority of recipients (in the region of 24% of Disability Benefit recipients).

2.5.12 It is difficult to find a direct relationship between the introduction of the PRB scheme and the total number of people claiming DB. For instance, in the 10 year period immediately preceding the introduction of the PRB scheme the total number of people claiming both DB and Invalidity Pension increased by some 36%. In the 10 year period following the introduction of the PRB scheme the total number of people claiming DB and Invalidity Pension increased by some 28%. Nevertheless, it is not unreasonable to assume that the PRB scheme played a part in the continued steady increase in the numbers claiming sickness payments throughout the 1970s and 1980s.

3 Occupational Injury Benefits

3.1 Historical Background – Workmen's Compensation

3.1.1 The first legislation to be introduced in this country dealing with the welfare of wage-earners was the Workmen's Compensation Act, 1897. Before 1897 a worker who was injured in the course of his employment could claim damages at Common Law or under the Employer's Liability Act 1880. However, for the claim to be successful negligence on the part of the employer had to be established. This involved legal proceedings, but in practice it was extremely difficult to prove negligence. The expenditure involved in proceedings was also costly and the final result

²⁴² Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986), 203-205.

was that such proceedings were not a realistic option for injured workers or the dependants of workers who had died as a result of an accident in the course of their work. The 1897 Act radically changed the situation in that it placed liability upon employers to pay compensation at fixed scales in respect of the injury or death of workers resulting from an accident in the course of their employment. The fundamental change brought about by the new legislation was that the right to compensation was unaffected by the cause of the accident except where it could be shown that the accident arose out of the workers wilful misconduct. The rate of compensation for injury set in the Act was a weekly payment related to loss of earnings subject to a maximum of £1 (€1.27), which was roughly equal to 50% of the weekly wage of a skilled worker at that time. Where the death of the worker was involved, compensation was payable to the dependants in the form of a lump sum related to previous earnings.

- 3.1.2** The Act of 1897 applied to employments that were regarded as particularly hazardous, such as employment in or about railways, factories, mines, quarries or engineering works. Agriculture was not initially included, but was added by an Act in 1900 and in a further Act in 1906 the scope was extended to cover almost all employments where the relationship of employer and employee existed. Non-manual workers whose remuneration exceeded £250 (€317.43) a year were, however, excepted. The 1906 Act also provided for compensation in respect of death or disablement caused by scheduled industrial diseases.

Difficulties Associated with Workmen's Compensation

- 3.1.3** Under the legislation full liability for payment of compensation rested with the employer. While there was no obligation on employers to do so, the majority of them covered themselves against potential liabilities by insuring with insurance companies or by becoming members of mutual associations. Some very large employers carried their own risks and maintained funds for this purpose. Some small employers, however, either through ignorance or for other reasons made no provision to meet potential liabilities and this often led to the bankruptcy of the employer when faced with claims for compensation which they could not meet. It also meant loss of compensation for the injured worker.
- 3.1.4** The original Workmen's Compensation Act provided for the settlement of claims in cases of disablement by agreement between the employer and the worker or failing agreement by arbitration in accordance with a prescribed procedure which included provision for determination by the courts. It had been hoped that the majority of cases would be settled by agreement, but this did not happen and the result was that Workmen's Compensation cases gave rise to a greater number of court cases than all other social security schemes. In cases of non-fatal accidents where agreement between the parties was reached on the amount of compensation, such agreement had to be registered with the courts to be legally binding. All claims for compensation in respect of fatal accidents had, however, to be submitted to the Circuit Court. The parties could not make an arrangement without reference to the Courts.

Proposals Contained in 1949 White Paper on Social Security

- 3.1.5** The 1949 White Paper on Social Security highlighted a number of criticisms of the then Workmen's Compensation scheme, including inadequacy of the scheme, its administrative

complexity and expense, and of the atmosphere of controversy and conflict with which it had been surrounded. The White Paper outlined three possibilities for reforming the system –

- Retention of the framework of the scheme of Workmen's Compensation, but with improvements;
- Introduction of a separate code of social insurance legislation, with special benefit rates for industrial injury and disease, co-ordinated perhaps, but not integrated with the general social insurance scheme;
- Fully integrate provision for occupational accidents with the social insurance code in such a way as to prevent the need for inquiry as to the cause of injury or disease.

However, the White Paper did not come to any conclusions on this matter.²⁴³

Report of the Commission on Workmen's Compensation

3.1.6 In 1955, a Commission was appointed by the Minister for Social Welfare to examine and report on workmen's compensation and to consider its replacement by a social insurance scheme. The Report of the Commission on Workmen's Compensation, which was published in 1962, outlined the various shortcomings in the existing compensation scheme, chief among them being the fact that employers were not obliged to insure against accidents in their workplaces. This meant that some employees, though entitled to compensation, were unable to receive it due to their employers' insolvency. In addition, less than half of the values of the premiums paid were transferred to employees, the remainder going in administration costs and insurance company profits. Most significantly, the system allowed too much scope for contention between employees and employers or their insurance companies and rested in the last resort on the threat or practice of litigation.

3.1.7 The Commission could not reach a consensus on its recommendations. Instead a Majority Report recommended that the existing Workmen's Compensation scheme be maintained, subject to certain modifications. A Minority Report recommended that the Workmen's Compensation scheme be abolished and replaced by an Occupational Injuries Insurance scheme administered by the Department of Social Welfare and financed by weekly contributions payable by employers in respect of all insurable employees. This proposed scheme was largely modelled on the industrial injuries schemes operating in Britain and Northern Ireland. On the question of social welfare benefits, in particular Disability Benefit, the Minority Report took the view that these were entirely separate to Occupational Injury Benefits. On the grounds that the employee would be entitled to these benefits on foot of their Social Insurance contributions, the Minority Report recommended that they should be paid in addition to Occupational Injury Benefits. However, they also recommended that the gross benefits should not exceed pre-accident earnings.

3.2 Social Welfare (Occupational Injuries) Act, 1966

3.2.1 The Minority Report of the Commission on Workmen's Compensation was broadly accepted by the Government and the social insurance scheme was extended to include cover for accidents at work. Effect was given to this in the Social Welfare (Occupational Injuries) Act, 1966, which came into operation in May 1967. The new Occupational Injury Benefits scheme was introduced as a separate code of social insurance and, while it was co-ordinated with the general social insurance system, it was not fully integrated with it. Effectively it operated as a separate system within the overall social insurance system.

²⁴³ *White Paper Containing Government Proposals for Social Security*, 23.

- 3.2.2** The Occupational Injury Benefits scheme replaced the former Workmen's Compensation scheme which placed responsibility for the insurance of their workers on employers. The OIB scheme provided compulsory insurance against personal injury caused by an accident arising out of and in the course of employment and against prescribed diseases caused by the nature of the employment. Unlike social insurance in general, there were no age limits for insurability and no contribution conditions for entitlement to benefit. The scheme was financed by weekly contributions payable in full by employers and collected with the main social insurance contribution. A separate Occupational Injuries Fund was also established into which all contributions were to be credited and out of which all payments on benefits and administration would be made.

3.3 Occupational Injury Benefits Scheme

- 3.3.1** The Occupational Injury Benefits scheme comprises 4 main elements which broadly match the various consequences of an accident at work –

- *Injury Benefit*, which is payable for up to 6 months in the case of loss of earnings because of incapacity following the injury,
- *Disablement Benefit* in the case of residual loss of physical and mental faculty. The rate of Disablement Benefit depends on the degree of disablement assessed, with assessments of up to 19% generally being paid in the form of a lump sum gratuity and assessments over that being paid by way of a weekly pension,
- *Death Benefit Pensions* for widows, widowers, orphans and dependant parents, in a fatal case. A grant for funeral expenses can also be paid,
- *Medical Care* in the case of a morbid condition.

In addition, there are two supplements payable with Disablement Benefit – *Unemployability Supplement*, which is paid where a person is permanently incapable of work as a result of an occupational accident and does not qualify for either Disability Benefit or Invalidity Pension and *Constant Attendance Allowance*, which is paid where a person requires constant attendance as a result of the relevant loss of faculty. There is also provision for making funding available towards rehabilitation services and research into the causes and methods of prevention of occupational accidents and diseases. However, these two provisions have not been used to date.

Main Developments in OIB Scheme

- 3.3.2** Until the 1990s, the OIB scheme continued broadly on the lines of the scheme as originally introduced. The main developments in this period related to the inclusion of additional prescribed diseases. A pay-related supplement (PRB) was introduced for recipients of Injury Benefit in 1974. This pay-related supplement developed on the same lines as PRB payable with Disability Benefit.²⁴⁴ In 1986, the OIB scheme was extended to cover accidents while travelling to or from work.
- 3.3.3** The separate Occupational Injuries Fund, which had operated since 1967, was abolished in 1990, with the occupational injury contributions being paid into the Social Insurance Fund and Occupational Injury Benefits paid out of that Fund. Also in 1990, the option for a person whose degree of disablement was assessed at less than 20% to take a pension rather than a lump sum gratuity was discontinued for all assessments below 10%. In line with measures which were

²⁴⁴ See paragraphs 2.5.6 to 2.5.12 of this Appendix for more details.

introduced to curb the growth in numbers and expenditure on the Disability Benefit scheme, a number of changes were also made to curb expenditure on the Injury Benefit scheme in 1992.²⁴⁵ The rate of Injury Benefit was aligned with the rate of Disability Benefit and PRB payable with Injury Benefit was also abolished from April 1992.

3.3.4 In 1996 the Constant Attendance Allowance, which had been confined to cases where a person qualified for Disablement Pension at 100%, was extended on a pro-rata basis to Disablement Pensioners with assessments of 50% or more. Entitlement to Death Benefit was extended to all widowers in 1997. At the same time the Widower's Gratuity was abolished.

3.3.5 The numbers of recipients of Injury Benefit has been fairly constant since the introduction of the scheme. In 2002 there were in the region of 800 recipients of Injury Benefit, with a further 400 on interim Disability Benefit. By their nature it is to be expected that the number of recipients of the other main OIB payments, i.e Disablement Benefit and Death Benefit Pensions, will increase over time. The total number of recipients of Disablement Benefit has increased progressively from almost 2,000 in 1970 to some 11,600 in 2002. The total number of Death Benefit Pensioners has increased from about 100 in 1970 to about 700 in 2002. As a percentage of the number of people insured for OIB purposes, the total number of recipients of Injury Benefit, Disablement Benefit and Death Benefit Pensions has also remained fairly constant, generally ranging between 0.6% and 0.8%.

4 Invalidity Pension

4.1 Background

4.1.1 The introduction of the Invalidity Pension scheme in October, 1970 formed part of proposals for structural changes and reorganisation of the social welfare services. The Social Welfare Act, 1970 provided, inter alia, for the introduction of three new social insurance schemes so as to comprehend all of the internationally recognised contingencies for social security purposes – Invalidity Pension, Retirement Pension and Death Grant. The introduction of Retirement Pension and Death Grant schemes had previously been proposed in the 1949 Government White Paper on Social Security (see paragraph 1.4.3 of this Appendix). However, the Social Welfare Act, 1952, which implemented many of the proposals contained in the White Paper, did not make provision for the introduction of these two schemes. As invalidity is one of the internationally recognised contingencies for social security purposes, the introduction of the Invalidity Pension scheme in Ireland in October, 1970 could be considered comparatively late by international standards.

4.1.2 Many other countries group invalidity together with old age and survivorship for social security purposes. This arises because of the fact that the incidence of invalidity is closely related to age and, in many countries, the majority of invalidity beneficiaries are in the higher age groups.²⁴⁶ However, the Invalidity Pension scheme introduced in this country is closely connected to the Disability Benefit scheme. Under the DB scheme as it then existed, an insured person who satisfied the appropriate contribution conditions and who was incapable of work by reason of some specific disease or bodily or mental disablement could be paid benefit continuously up to pension age (then 70 years). Claimants whose illness or incapacity was of long duration and who had been in receipt of DB for more than 12 months were required to submit evidence of incapacity at less frequent intervals than weekly – usually monthly or quarterly – and their cases were subject to periodic review by the Medical Advisor who indicated if and when they should

²⁴⁵ See paragraph 2.4.4 above.

²⁴⁶ International Labour Office, *Introduction to Social Security*, 3rd Edition (Geneva: International Labour Office, 1984), 75.

be called before a Medical Referee for further examination. In a large number of cases the nature of the illness or incapacity coupled with the person's age was such as to indicate that the recipient would never again be able to work and that further periodic medical examination was unnecessary.

- 4.1.3** It was considered at the time that the establishment of an Invalidity Pension scheme at the same rates as DB and the award of such pensions to “long duration” recipients of Disability Benefit would not involve any additional cost to the Social Insurance Fund. It would have the advantage of greater administrative convenience and would relieve recipients from the inconvenience of having to seek and submit medical evidence as to their conditions at regular intervals. In addition, instead of issuing the payments by way of cheques in the post, the Invalidity Pension was paid on a more cost effective basis, by way of weekly pension orders encashable at Post Offices.

Definition of Invalidity

- 4.1.4** The Invalidity Pension scheme does not define what constitutes invalidity. Rather, it is based on the fact that the claimant has to be permanently incapable of working. The original definition of what constitutes being permanently incapable of work was that the person must have been continuously incapable of work for a period of at least one year and that it was shown to the satisfaction of a Deciding Officer or an Appeals Officer that they were likely to continue to be incapable of work for at least a further year. However, in addition to the above, a person can now be considered as being permanently incapable of work where they are incapable of work and it is shown to the satisfaction of a Deciding Officer or an Appeals Officer that the incapacity is of such a nature that they are likely to remain so incapable for life.

4.2 Main Developments in Invalidity Pension scheme

- 4.2.1** One of the main developments in the Invalidity Pension scheme since its introduction relates to the rates of payment. While the rates of payment were originally set at the same rates as for Disability Benefit, over the years these rates have moved ahead of the equivalent DB rates. For instance, the personal rate of Invalidity Pension for a person under 65 years is now 4% higher than the equivalent DB rate, while the rate for an Invalidity Pensioner aged 65 and over is over 26% higher. Increases for Qualified Adults and Children are also higher, ranging between 12% and 36%. Increases for Qualified Children have been progressively increased from 18 to 22 years where the child continues in full time education.²⁴⁷ In addition, from 1972 the “Free” Schemes have been extended progressively to people with disabilities, including Invalidity Pensioners.²⁴⁸
- 4.2.2** As in the case of the Disability Benefit scheme, cover for Invalidity Pensions has been extended to additional categories of worker since it was first introduced in 1970 (see paragraphs 2.4.2 and 2.4.3 above).

²⁴⁷ From September, 2003, increases for qualified children in the case of recipients who have been getting DB for 27 weeks or more are paid up to 22 years, on the same basis as for Invalidity Pensioners. For recipients of DB who have been getting payment for less than 27 weeks the maximum age limit for qualified children is 18 years.

²⁴⁸ The “Free” Schemes include Free Travel, Free Electricity Allowance, Free TV Licence, Free Telephone Rental Allowance and the Fuel Allowance.

4.2.3 Under the scheme as originally introduced, a person was required to have a total of 156 paid contributions (3 full years) and 48 paid or credited contributions in the GCY. However, arising from changes which were introduced in the qualifying conditions for entitlement to Disability Benefit beyond 12 months, the number of paid contributions required by new Invalidity Pension claimants was increased to 208 (4 full years) in 1987 and further increased to 260 (5 full years) in 1988.

4.2.4 The other main developments in the scheme relate to 2 areas, i.e. provision for the costs of caring and employment and educational supports –

- the Prescribed Relative Allowance was extended to Invalidity Pensioners in 1982,
- the Carer's Allowance scheme, introduced in 1990, applied also to people caring on a full-time basis for Invalidity Pensioners,
- the Carer's Benefit scheme, introduced in October, 2000, applied also to people caring on a full-time basis for Invalidity Pensioners,
- the Back to Work Allowance and Back to Education Allowance schemes were extended to Invalidity Pensioners from September, 2000.

4.2.5 Invalidity Pension is paid on a flat-rate basis. The question of introducing income-related supplements for social insurance pensions, including Invalidity Pension, similar to PRB which was paid with short-term social insurance payments was examined in a Green Paper which was published in 1976 on Income-Related Pensions.²⁴⁹ However, following further consideration of the matter by a number of expert groups it was subsequently decided not to proceed with the introduction of income-related social insurance pensions, but instead to encourage the development of second-tier pensions through the private sector.²⁵⁰

4.2.6 The number of people in receipt of Invalidity Pension has grown significantly since the introduction of the scheme, up from 11,619 in 1971 to some 52,150 in 2002 – an increase of 350%. As a percentage of the total number of people insured for this benefit, the numbers of recipients have increased from 1.6% in 1971 to 4% in 1992. However, with the increase in the workforce in recent years this figure has now fallen back to less than 3% in 2001.

5 Blind Person's Pension

5.1 Historical Background

5.1.1 In the early 1900's, the social and economic condition of blind people was the cause of widespread dissatisfaction. The only statutory provision available at that time for blind people was the Poor Law.²⁵¹ In 1920 the Blind Persons Act was introduced which imposed a duty on County and Borough Councils to provide for the welfare of blind people in their area and a range of measures were adopted by the local authorities for this purpose. These measures covered –

- Educational and industrial training in approved institutions of suitable blind people between the ages of 5 and 30 years,
- Employment of blind people in the workshops of approved institutions and the maintenance of such people in hostels and the augmentation of their wages,

²⁴⁹ Department of Social Welfare, *A National Income Related Pension Scheme: A Discussion Paper* (Dublin: The Stationery Office, 1976).

²⁵⁰ See, for example, *Report of the Commission on Social Welfare*, National Pensions Board, *Developing the National Pension System: Final Report of the National Pensions Board* (Dublin: The Stationery Office, 1993) and Pensions Board, *Securing Retirement Income: National Pensions Policy Initiative* (Dublin: The Pensions Board, 1998).

²⁵¹ *Report of the Commission on Social Welfare*, 32.

- Maintenance of approved homes for blind people incapable of work, and
- Cash assistance for necessitous and unemployable blind people living in their own homes or lodgings (see also Blind Welfare Allowance below).

5.1.2 In addition, the 1920 Act also provided for an extension of the provisions of the existing means-tested Old Age Pension scheme to blind people aged 50 and over who were so blind as to be unable to perform any work for which eyesight was essential. In introducing this legislation, the then Minister stated that this provision was intended to provide for that large section of blind persons who, in the main, were too old or too infirm to be trained.²⁵²

5.2 Main Developments in Blind Person's Pension scheme

5.2.1 The qualifying age for entitlement to the Blind Person's Pension was reduced to 30 years in 1932, to 21 years in 1948 and finally to 18 years in 1980. In proposing the reduction in the age to 21 years in 1948, the then Minister for Social Welfare stated that he could find no satisfactory explanation as to why a blind adult should have to wait until the age of 30 years before they could receive a Blind Pension.

5.2.2 The definition of blindness was amended in 1932 so as to apply to people who were so blind that either they could not perform any work for which eyesight was essential or that they could not continue in their ordinary occupation. This went further than the widening of the definition of blindness recommended by the Committee of Inquiry set up in 1925 to consider what, if any, changes should be made to the Acts relating to Old Age Pensions and Pensions for the Blind.²⁵³

5.2.3 In order to encourage blind people to undertake employment, the means test for Blind Pension has been eased with the introduction of various income disregards over the years. A further employment incentive measure was introduced in 1997, when the Back to Work Allowance was extended to blind pensioners. In addition, the Back to Education Allowance was extended to blind pensioners in 1998.

5.2.4 The number of Blind Pensioners increased from around 3,000 in the 1920's to over 7,000 in the late 1950's. The numbers have since fallen back to a current figure of about 2,100.

5.3 Welfare of the Blind

5.3.1 Following its establishment in 1947, the Department of Social Welfare assumed responsibility for certain measures to assist in the welfare of blind people. For instance, a Consultative Council on Blind Welfare was established in 1948 with the aim of centralising the activities of various voluntary organisations engaged in the welfare of blind people and the promotion of uniformity in the treatment, education and training of blind people.²⁵⁴

5.3.2 While, in general, the day to day administration of schemes for the welfare of the blind, including the Blind Welfare Allowance payable to blind people in necessitous circumstances, was the responsibility of local authorities, it would appear that the then Minister for Social Welfare exercised general control over these services.²⁵⁵ It has not been possible to establish the precise nature of this control. However, administrative responsibility for these schemes was

²⁵² *House of Commons, Parliamentary Debates*, Volume 129, 10 May 1920 to 4 June 1920 (London: H.M.S.O., 1920), column 969.

²⁵³ *First Report of the Department of Social Welfare 1947-1949*, 91.

²⁵⁴ *Ibid.*, 64.

²⁵⁵ *Department of Social Welfare, Report of the Department of Social Welfare 1963-1966* (Dublin: The Stationery Office, 1967), 5-6.

transferred from the local authorities to the Health Boards in 1971 and the Department of Social Welfare's involvement with them ceased at that time.

Blind Welfare Allowance

- 5.3.3** The Blind Welfare Allowance scheme was originally introduced under provisions contained in the Blind Persons Act, 1920. It is a means-tested payment payable by the Health Boards as a supplement to blind or visually impaired people aged 16 and over who are receiving certain social welfare payments or equivalent social security payments from another country. In order to qualify for the allowance a blind person must be unemployed and not be maintained in an institution. This scheme is operated in conjunction with the National Council for the Blind. (It has not been possible to establish if the Blind Welfare Allowance scheme was introduced immediately after the enactment of the 1920 Blind Person's Act, or whether it was introduced at a later stage).
- 5.3.4** The introduction of the Blind Welfare Allowance formed part of a wider package of measures for the welfare of blind people introduced under the 1920 Blind Persons Act (see paragraph 5.1.1 above). As the Blind Welfare Allowance originally provided cash assistance for necessitous and unemployable blind people who were not being maintained in institutions, it would appear, therefore, that to some extent this Allowance aimed to provide assistance for blind people living in the community and to whom none of the other welfare provisions outlined above applied. That is, blind people aged under 50 years who were not able to work or benefit from the employment and training supports and who were not being maintained in an institution. However, following the subsequent lowering of the qualifying age for entitlement to the Blind Person's Pension to 18 years and other developments for blind people generally, the exact purpose of the Blind Welfare Allowance is not clear.
- 5.3.5** Arising from variations in the rates of Blind Welfare Allowance which were being paid in different parts of the country, a review of the scheme was undertaken in the early 1950s and it was decided that, in view of the special position of the blind, an income level roughly equating to 125% of the Unemployment Assistance rate should apply to blind persons. The Blind Welfare Allowance now amounts to about 31% of the single rate of Unemployment Assistance and 37% of the couple rate.
- 5.3.6** Unlike the downward trend in the number of people claiming the Blind Person's Pension, the numbers receiving Blind Welfare Allowance have been increasing in recent years. For example, while the numbers on Blind Person's Pension have fallen by 15% between 1996 and 2002, the numbers on Blind Welfare Allowance have increased by 32% in the same period to 2,030.

6 Disability Allowance

6.1 Background

- 6.1.1** The earliest form of social welfare in Ireland was the system of institutional relief for the sick and destitute poor which was provided for under the Poor Relief (Ireland) Act of 1838. The original restriction on the provision of relief only in an institution was gradually eased and “outdoor” relief was introduced. For instance, in an 1847 Act certain categories, including invalids, were allowed outdoor relief. However, it was not until the Local Government (Temporary Provisions) Act, 1923 that outdoor relief became a normal part of the Poor Law system.

Home Assistance

- 6.1.2** The original 1838 Act was amended and extended by various enactments during the succeeding century and the Poor Law system became very complex. The Public Assistance Act, 1939 consolidated these enactments into one statute and introduced some new provisions. Public Assistance included both medical assistance and general assistance. Under the 1939 Act, a person who was unable by his own industry or other lawful means to provide the necessities of life for himself and his dependants was eligible for general assistance, which could have taken the form of maintenance in an institution or cash payments known as Home Assistance.²⁵⁶ Both Home Assistance and Medical Assistance were originally administered by the Department of Local Government and Public Health. However, responsibility for the administration of both medical and institutional assistance was transferred to the Department of Health, on its establishment in 1947.

Disabled Person’s (Maintenance) Allowance

- 6.1.3** The Health Acts of 1947 and 1953 brought the existing health services under the control of the new Department of Health. The 1953 Act transferred responsibility for medical and institutional assistance, which had until then been provided under the Public Assistance system, to the health authorities. In addition, the 1953 Act also provided for the introduction of maintenance allowances for disabled people aged between 16 and 66 years of age who were unable to provide for their own maintenance. This allowance, known as the Disabled Person’s (Maintenance) Allowance, was means-tested and paid where the disability had lasted, or was expected to last, for at least a year from its onset. However, people who were being maintained in institutions were not eligible for this allowance. The operation of this disqualification appears to be a remnant of the Poor Law system, in that it perpetuates the notions of “indoor” and “outdoor” relief.

6.2 Disability Allowance

- 6.2.1** As a consequence of considerable criticism arising from the inconsistent operation of the Disabled Person’s (Maintenance) Allowance scheme, responsibility for its administration was transferred to the Department of Social Welfare in October, 1996, when it was integrated into the existing social insurance and social assistance benefits structure. At the same time the scheme was renamed Disability Allowance. In order to qualify for Disability Allowance a person must be between the ages of 16 and 66 years, be substantially handicapped in undertaking suitable employment and must satisfy a means test.

²⁵⁶ *Social Insurance and Social Assistance in Ireland*, 5.

- 6.2.2** Since the transfer of this scheme, a range of improvements have been made, including improvements in the means testing arrangements, an easing of the restriction on payment where a person is being maintained in a hospital or institution and the introduction of various incentives for people with disabilities to take up employment, training and educational opportunities.
- 6.2.3** The more consistent administration of the scheme, together with the various improvements which have been introduced, have led to a significant increase in the numbers claiming this allowance – up from 34,500 in October 1996 to some 62,800 in 2002 - an increase of 82%.

7 Infectious Diseases (Maintenance) Allowance

7.1 Background

- 7.1.1** By the early 1900's, tuberculosis was becoming increasingly recognised as a disease which could be prevented and sometimes cured. The campaign by public authorities to eradicate it commenced in 1908, when county councils and county borough corporations were given power under the Tuberculosis Prevention (Ireland) Act, 1908 to provide sanatoria and clinics and to operate tuberculosis schemes. However, this service was developed on a gradual basis.²⁵⁷
- 7.1.2** A more active phase in the provision of services commenced in 1912 when the National Health Insurance Act of 1911 came into force. Under this Act, Sanatorium Benefit was provided for insured persons (see paragraph 1.3.6 above). In addition, State assistance was given to meet the cost of building tuberculosis sanatoria, hospitals and other institutions. However, in the period 1930-31 the Insurance Committees, which were set up under the National Health Insurance Act, were abolished and Sanatorium Benefit for insured persons ceased. This benefit had, to some extent, become unnecessary as treatment for tuberculosis under the local authority schemes had been free of direct charge to poor people since 1911.²⁵⁸
- 7.1.3** The onset of the Second World War brought a serious increase in the incidence of tuberculosis. During the years 1944-1945 the problem of coping with the disease was examined in the Department of Local Government and Public Health and a plan for the reorganisation and expansion of the services was devised. The Health Act, 1947 made it clear that treatment in sanatoria was free for all and also made provision for the payment of maintenance allowances for dependants of persons undergoing treatment.

7.2 Introduction of Infectious Diseases (Maintenance) Allowance Scheme

- 7.2.1** Under the Infectious Diseases (Maintenance) Allowance Regulations, 1947, provision was made for the payment by local authorities of cash allowances to persons receiving treatment for infectious diseases. Responsibility for the administration of this scheme was taken over by the Health Boards in 1971. Primarily this scheme applies to those with tuberculosis, but it also covers those suffering from certain other infectious diseases. The scheme applies to people undergoing treatment to the satisfaction of a Health Board doctor who are unable to make "reasonable and proper provision for their own maintenance or the maintenance of their dependants". Allowances may also be paid to carriers of infectious diseases who, through taking precautions against the spread of infection, are rendered incapable of carrying out their ordinary occupation

²⁵⁷ Hensey, Brendan, *The Health Service of Ireland* (Dublin: Institute of Public Administration, 1979), 16.

²⁵⁸ Deeney, James, *Tuberculosis in Ireland, Report of the National Tuberculosis Survey (1950-1953)* (Dublin: Medical Research Council of Ireland, 1954), 227-228.

and are therefore, unable to make “reasonable and proper provision for their own maintenance or the maintenance of their dependants”.²⁵⁹

7.2.2 The Infectious Diseases (Maintenance) Allowance is a means tested payment. A lower personal rate of allowance is payable if a person is receiving in-patient services under the Health Acts (i.e. in a hospital or similar institution). An extra weekly amount is payable to a person who is single; a widow or widower; or who has a dependant spouse, where that person has other dependants (e.g. children) and, with the approval of the Health Board, a helper who is employed to take care of these dependants. A further amount can be paid towards accommodation costs, e.g. rent and mortgage payments.²⁶⁰

7.2.3 There are only very small numbers in receipt of this allowance – currently in the region of 30.

8 Supplementary Welfare Allowance

8.1 The Supplementary Welfare Allowance (SWA) scheme, which was introduced in 1977, replaced the former Home Assistance scheme, which was provided for under the Public Assistance Act, 1939 (see paragraphs 6.1.1 and 6.1.2 above). Under this scheme, assistance is payable to persons whose means are insufficient to meet their needs. Unlike the various other income maintenance payments administered by the Department of Social and Family Affairs, SWA is not contingency-based. It acts therefore, as a safety net to cater for those who are not specifically provided for under the existing social insurance and social assistance payments. While responsibility for the SWA scheme lies with the Department of Social and Family Affairs, it is administered by the Health Boards on behalf of the Department.

8.2 In the area of sickness and disability, the SWA scheme acts as a means-tested equivalent to the Disability Benefit scheme. It is also available to applicants of the various sickness and disability payment schemes, e.g. Disability Benefit, Disability Allowance, Occupational Injury Benefits etc. while they are awaiting a decision on their application for payment or on an appeal against disallowance.

8.3 In addition to a basic weekly income payment for those not in receipt of any other social welfare payment, SWA also provides for weekly supplements towards rent or mortgage interest repayments and towards special dietary or heating needs. The Supplementary Welfare Allowance scheme also provides for exceptional needs payments, e.g. for buying household equipment, and for emergency payments, e.g. following some unforeseen event such as a fire or flooding.

²⁵⁹ *The Health Service of Ireland*, 129-130.

²⁶⁰ Whyte, Gerry, and Cousins, Mel, *A Guide to Sickness and Disability Payments* (Dublin: Free Legal Advice Centres, 1997), 26-27.

Appendix

III Description of Illness and Disability Schemes

1 Disability Benefit

- 1.1** Disability Benefit (DB) is payable to qualified insured people aged under 66 years who are unfit for work due to illness. This payment is administered by DSFA.

Contribution Conditions

- 1.2** To qualify, a person must have –

- at least 39 PRSI contributions paid since first starting work, and
 - at least 39 contributions paid or credited (at least 13 of which must be paid) in the relevant tax year,
- or*
- 26 weeks PRSI paid in the relevant income tax year and 26 weeks PRSI paid in the tax year immediately before the relevant income tax year.

Proof of Incapacity for Work

- 1.3** Medical certificates from the claimant's doctor confirming incapacity for work must be submitted on a regular basis (usually weekly) and claimants may also be requested to attend for medical examination by a Medical Assessor of the DSFA.

Duration of Payment

- 1.4** DB is paid on the basis of a 6-day week (Sundays are not included). Normally DB is not payable for the first 3 days of illness (known as "waiting days"). Following this initial 3 day waiting period, a claimant must be absent from work for at least a further 3 days in a period of 6 consecutive days in order to qualify for payment. Where a person has less than 260 PRSI contributions paid (5 full years), DB is payable for a maximum period of 52 weeks. However, where at least 260 PRSI contributions have been paid since first starting work, DB can continue to be paid for as long as the person remains unfit for work and under age 66.

Rates of Payment

- 1.5** The rate of DB payable depends on the claimant's family size, circumstances and earnings. Payment is made up of a personal rate in respect of the claimant and additional increases in the case of qualified adults and qualified children. The current weekly rates of payment are - Personal Rate: €124.80; Increase for a qualified adult: €82.80; Increase for each qualified child: €16.80.²⁶¹ Where a claimant's spouse or partner is not a qualified adult, increases in respect of qualified children are generally payable at half-rate, depending on the exact circumstances.²⁶²

²⁶¹ The rates of payment given in this Chapter are those applicable from January, 2003.

²⁶² For example, if the claimant is separated from his/her spouse, the full rate of increase for a qualified child is payable.

Where the claimant's average weekly earnings are below €88.88, the personal rate of DB and the increase in respect of a qualified adult are payable at reduced rates. Full-rate DB is payable where the claimant's average weekly earnings are €88.88 or over.

If a person is in receipt of a Widow/er's Pension, a One-Parent Family Payment or an analogous payment, then DB can be paid in addition for a period of up to 15 months. DB is paid at $\frac{1}{2}$ the personal rate in these circumstances and no increase in DB is payable in respect of qualified children. In addition, if a person is getting either Blind Person's Pension or Orphan's Pension, then DB can also be paid in full for the duration of the illness.

Taxation of DB

- 1.6** Disability Benefit payments (excluding any increases for qualified children) are regarded as taxable income. However, DB payments for the first 36 days (6 weeks) in any tax year are exempt from tax.

2 Invalidity Pension

- 2.1** Invalidity Pension (IP) is payable to qualified insured people who are permanently incapable of work. This payment is administered by DSFA.

Contribution Conditions

- 2.2** To qualify, a person must have –
- at least 260 PRSI contributions paid since first starting work; and
 - at least 48 contributions paid or credited in the last complete tax year before the claim is made.

Proof of Permanent Incapacity for Work

- 2.3** In order to be regarded as being permanently incapable of work, a person must have been incapable of work for at least one year and likely to remain so incapable for at least a further year. In most cases applicants would have been in receipt of DB prior to claiming IP. Where a person can show that they are likely to remain incapable of work for life, IP may be paid to persons who have been in receipt of DB for less than one year.

Duration of Payment

- 2.4** Invalidity Pension is payable for as long a person remains permanently incapable of work. Payment ceases, however, if the person is awarded another social welfare pension, e.g. Old Age (Contributory), Retirement or Widow/er's (Contributory) Pension.

Rates of Payment

- 2.5** The rate of IP payable depends on the claimant's family size and circumstances. Payment is made up of a personal rate in respect of the claimant and additional increases in the case of qualified adults and qualified children. The current weekly rates of payment are - Personal Rate: €130.30 (under 65 years), €157.30 (65 and over); Increase for a qualified adult: €93.00 (under 66 years), €113.10 (66 and over); Increase for each qualified child: €19.30. Where a claimant's spouse or partner is not a qualified adult, any increases in respect of qualified children are generally payable at half-rate. Additional allowances of €7.70 and €6.40, respectively are payable to Invalidity Pensioners who are living alone and pensioners aged 80 or over. An allowance of €12.70 is payable to Invalidity Pensioners who are living on certain offshore islands.

Taxation of IP

- 2.6** Income from Invalidity Pension is assessable for income tax purposes. However, if IP is the person's only income, it would be below the thresholds for the payment of income tax.

3 Occupational Injury Benefits²⁶³

- 3.1** The Occupational Injury Benefits (OIB) scheme is administered by DSFA and comprises a range of payments for people who are injured or disabled in the course of their work, or who contract an occupational disease, as follows –

- Injury Benefit;
- Disablement Benefit;
- Death Benefits;
- Cost of Medical Care.

Contribution Conditions for Occupational Injury Benefits

- 3.2** There are no contribution conditions applying to the OIB schemes. Once the accident or disease arises out of and in the course of employment which is insurable for OIB purposes, the person is covered for Occupational Injury Benefits. In addition, accidents which occur while a person is travelling directly to or from work are deemed to be occupational accidents.

3.3 Injury Benefit

- 3.3.1** This is a weekly payment payable to people who are unfit for work due to an accident at work or who have contracted a prescribed work-related disease.

Proof of Incapacity for Work

- 3.3.2** Medical certificates from the claimant's doctor confirming incapacity for work must be submitted on a regular basis and claimants may also be requested to attend for medical examination by a Medical Assessor of the DSFA.

²⁶³ As outlined in Chapter 2, paragraphs 2.1.4 to 2.1.7, not all of the Occupational Injury Benefit payments are, strictly speaking, income maintenance. For example, payments are made for medical care. However, the full scheme is described here for completeness.

Not all accidents at work result in immediate illness or disablement. In such cases, in order to protect future rights to benefit, a person can apply for a declaration that the accident happened at work.

Duration of Payment

- 3.3.3** As in the case of Disability Benefit, Injury Benefit is not normally paid for the first 3 days (known as “waiting days”). Payment can last for a maximum of 26 weeks from the date of the accident or the onset of the disease. People who are still incapable of work after 26 weeks may be entitled to Disability Benefit or, if they do not qualify for DB or IP and are permanently incapable of work, they may be entitled to Unemployability Supplement (see section 3.5 below).

Rates of Payment

- 3.3.4** The rates of Injury Benefit payable are the same as the rates of payment for Disability Benefit, including the increases for qualified adults and qualified children (as outlined in paragraph 1.5 above). Unlike Disability Benefit, the rates of Injury Benefit are not affected by the level of the claimant’s earnings.

If a person is getting a Widow/er’s Pension, a One-Parent Family Payment or other analogous payment, then Injury Benefit can be paid in addition. Injury Benefit is paid at $\frac{1}{2}$ the personal rate in these circumstances and no increase in Injury Benefit is payable in respect of child dependants. In addition, if a person is getting either Blind Person’s Pension or Orphan’s Pension, then Injury Benefit can also be paid in full for the duration of the illness or 26 weeks, whichever is the shorter.

Taxation of Injury Benefit

- 3.3.5** Injury Benefit is taxable on the same basis as Disability Benefit.

3.4 Disablement Benefit

- 3.4.1** Disablement Benefit is paid where an insured person suffers loss of physical or mental faculty as a result of an accident at work or through contracting a prescribed occupational disease. The level of the payment awarded depends on the degree of loss of faculty, which is medically assessed. Assessments of less than 20% are generally paid by way of a lump sum (known as a Disablement Gratuity) and assessments of 20% or more are paid by way of a pension (known as Disablement Pension). Disablement Benefit differs fundamentally from other social welfare income support payments in that it is not an income maintenance payment. Accordingly, Disablement Benefit can be paid in addition to other social welfare payments such as DB and IP and can also be paid where a person continues to work.

Loss of Faculty

- 3.4.2** All claimants for Disablement Benefit must be examined by a Medical Assessor to determine the degree of disablement. This medical assessment is specially designed to determine loss of faculty by comparing the client with a person of their own age and sex in normal health.

Even if the person is not immediately incapacitated as a result of the occupational accident or disease, claimants can safeguard their future right to Disablement Benefit by notifying their employers about the accident or disease and by applying to the DSFA for a declaration that the accident or disease arose out of or in the course of employment.

Duration of Payment

- 3.4.3** If a person is unable to work as a result of the occupational accident or disease, then Injury Benefit should be claimed for the first 26 weeks. Disablement Benefit is not payable during this 26 week period. However, if a person continues to be able to work following the occupational accident or disease, Disablement Benefit can be paid from the Friday after the 4th day subsequent to the accident or contraction of the prescribed disease.

Rates of Payment

- 3.4.4** Disablement assessments of less than 20% are normally paid by way of a lump sum Disablement Gratuity. Assessments of 20% or more are paid by way of a weekly or monthly Disablement Pension. The maximum Disablement Gratuity which is paid for life awards of 19%, is €10,910. Proportionate Disablement Gratuities are paid for assessments of between 1% and 18%. The maximum Disablement Pension, which is paid for awards of 100% is €155.90 a week. Proportionate Disablement Pensions are paid, in 10% bands, for assessments of between 20% and 90%. For life awards of between 10% and 19%, a Disablement Pension can be awarded in lieu of a Disablement Gratuity.

Increases in Disablement Pension

- 3.4.5** Increases in Disablement Pension can be paid in certain cases -
- If a Disablement Pensioner is permanently incapable of work and does not qualify for DB or IP, an *Unemployability Supplement* may be payable (see section 3.5 below).
 - If an Unemployability Supplement is paid to a Disablement Pensioner, further increases may be paid *in respect of a qualified adult and qualified children*.
 - If a Disablement Pensioner requires constant care and attention, a *Constant Attendance Allowance* may be payable (see section 3.6 below).

Taxation of Disablement Benefit

- 3.4.6** Disablement Gratuity payments are exempt from tax. However, income from Disablement Pension is fully taxable.

3.5 Unemployability Supplement

- 3.5.1** Unemployability Supplement (US) may be paid as an increase in Disablement Pension if a person is permanently incapable of work as a result of an occupational accident or disease and does not qualify for any other social welfare payment, such as Disability Benefit, Invalidity Pension or Disability Allowance.

Duration of Payment

- 3.5.2** Unemployability Supplement is payable from the date of qualification for Disablement Pension and continues for life, provided the person remains permanently incapable of work as a consequence of the occupational injury or disease.

Rates of Payment

- 3.5.3** The rate of payment for US is the same as for Disability Benefit (see paragraph 1.5 above). Where a person in receipt of US has qualified dependants, then the Disablement Benefit which that person is receiving, may be increased in respect of those dependants. The rates of increases for qualified adults and qualified children in this case are the same as those applying under the Disability Benefit scheme. In addition, an allowance of €7.70 a week is payable to a recipient of Unemployability Supplement who is living alone. An allowance of €12.70 is also payable to recipients of Unemployability Supplement who are living on certain offshore islands.

If a person is in receipt of a Widow/er's Pension, a One-Parent Family Payment or other analogous payment, then US can be paid in addition for a period of up to 15 months. US is paid at $\frac{1}{2}$ the personal rate in these circumstances and no increase is payable in respect of child dependants. In addition, if a person is getting either Blind Person's Pension or Orphan's Pension, then US can also be paid in full for the period of incapacity.

Taxation of US

- 3.5.4** Income from Unemployability Supplement payments is fully taxable.

3.6 Constant Attendance Allowance

- 3.6.1** Where the degree of disablement is assessed at between 50% and 100% and the person has been certified as being in need of constant care and attention, an increase in the weekly Disablement Pension, known as Constant Attendance Allowance, may be payable.

Duration of Payment

- 3.6.2** Constant Attendance Allowance continues to be paid for as long as the person requires constant care and attention. However, payment ceases for any period during which the claimant is an in-patient in a hospital or similar institution.

Rate of Payment

- 3.6.3** Constant Attendance Allowance is payable at a rate of €139.70 a week.

Taxation of Constant Attendance Allowance

- 3.6.4** Constant Attendance Allowance payments are taxable.

3.7 Death Benefits

- 3.7.1** If a person dies as a result of an accident at work or as a result of an occupational disease, Death Benefit may be payable to that person's dependants. In addition, Death Benefit may be paid, regardless of the cause of death, if a person was getting Disablement Pension assessed at 50% or more at the time of death. Death Benefits include Widow's, Widower's and Orphan's Pensions and a Funeral Grant. In addition, a Dependant Parent's Pension may be paid where a parent had been wholly or mainly maintained by the deceased. A Dependant Parent's Pension may be paid in respect of each parent and the rate of pension payable depends on whether the deceased was single or married.

Rates of Payment

- 3.7.2** The current weekly rate of Death Benefit Widow/er's Pension is €153.60 for those under 66 years and €161.70 for those aged 66 and over, with increases of €21.60 in respect of each qualified child. The maximum rate of Death Benefit Dependant Parent's Pension is €153.60 (€161.70 for those aged 66 or over) with a reduced pension of €74.30 payable depending on the circumstances. An additional €7.70 a week is paid where the pensioner is aged 66 or over and living alone. Recipients aged 66 or over and who live on certain off shore islands receive an additional payment of €12.70. The weekly rate of Death Benefit Orphan's Pension is €99.90. A Funeral Grant of €635.00 is payable in a lump sum towards the cost of funeral expenses.

Taxation of Death Benefits

- 3.7.3** Death Benefit Pensions for Widows, Widowers, Orphans and Dependant Parents are fully taxable. However, the funeral grant is not taxable.

3.8 Cost of Medical Care

People who are injured at work or who contract a prescribed occupational disease can claim the cost of certain expenses in respect of medical care and attention, which are not already covered by the Health Boards or under the Treatment Benefit Scheme operated by the DSFA. These expenses include costs incurred in visiting doctors and on prescriptions, the cost of certain medical appliances and certain dental and optical treatment.

4 Disability Allowance (formerly DPMA)²⁶⁴

- 4.1** Disability Allowance (DA) is a means-tested payment which is administered by DSFA and paid to people between the ages of 16 and 66 years who, by virtue of a specified disability, are substantially disadvantaged in undertaking work which would otherwise be suitable, having regard to the person's age, experience and qualifications. A specified disability is defined in regulations to mean an injury, disease, congenital deformity or physical or mental illness or defect, which has continued or may be expected to continue for at least one year. Unlike other social welfare payments, entitlement to Disability Allowance can be affected by the person's residency in an institution. However, since August, 1999, existing recipients of Disability Allowance who are living at home and who move into residential settings are entitled to retain their DA payments.

Proof of Substantial Disablement in Undertaking Employment

- 4.2** This is normally done through the submission of medical reports from the claimant's doctor, with supporting consultants' reports, where necessary. The claimant may also be required to attend for a medical examination by a Medical Assessor of the DSFA.

Duration of Payment

- 4.3** Disability Allowance continues to be paid up to the age of 66 years, as long as the person continues to satisfy the qualifying conditions.

Rates of Payment

- 4.4** The rate of payment depends on the claimant's family size, circumstances and means. The current maximum rates of Disability Allowance are the same as the maximum weekly rates of Disability Benefit, outlined in paragraph 1.5 above. An additional allowance of €7.70 is payable to recipients of Disability Allowance who are living alone. An allowance of €12.70 is also payable to recipients of Disability Allowance who are living on certain offshore islands.

Taxation of DA

- 4.5** Disability Allowance is not taxable.

5 Blind Person's Pension

- 5.1** This is a means-tested pension which is administered by DSFA and payable to blind or partially sighted people who are 18 years and over and are so blind that they cannot perform work for which eyesight is essential or cannot continue in their ordinary occupation.

²⁶⁴ The Social Welfare Act, 1996, provided for the transfer of responsibility for the administration of the Disabled Person's (Maintenance) Allowance (DPMA) scheme from the Health Boards to the Department of Social and Family Affairs. The scheme was also renamed Disability Allowance at the same time. Responsibility for the financing of the scheme had been transferred to the Department of Social and Family Affairs since 1st August, 1995.

Proof of Blindness

- 5.2** Registration with the National Council for the Blind of Ireland (NCBI) is usually accepted as satisfying the blindness condition. Where a person is not registered with the NCBI, they are required to submit a medical report from an ophthalmic surgeon.

Duration of Payment

- 5.3** Blind Person's Pension continues to be paid for as long as the claimant satisfies the qualifying conditions. However, Blind Person's Pension ceases if the person is awarded certain other social welfare pensions, e.g. Old Age (Contributory), Retirement or Invalidity Pension.

Rates of Payment

- 5.4** The rates of payment depend on the claimant's family size, circumstances and means. The current maximum personal rate is €124.80 in the case of a person under 66 years of age and €144.00 where the person is aged 66 and over. An increase of €82.80 is payable in respect of a qualified adult where the qualified adult is under 66 years of age and €95.20 where the qualified adult is aged 66 or over. €16.80 is payable in respect of each qualified child. Where a claimant's spouse or partner is not a qualified adult, any increases in respect of qualified children are generally payable at half-rate. Additional allowances of €7.70 and €6.40, respectively are payable to Blind Pensioners who are living alone and pensioners aged 80 or over. An allowance of €12.70 is also payable to Blind Pensioners who live on certain offshore islands.

A Blind Pensioner who has sufficient PRSI contributions may also be entitled to receive Disability Benefit, Unemployment Benefit, Maternity Benefit, Adoptive Benefit or Health and Safety Benefit in full in addition to their Blind Person's Pension. In addition, a Blind Pensioner can receive Widow/er's and Orphan's Contributory or Non-Contributory Pension or One-Parent Family Payment in full in addition to their Blind Person's Pension.

Taxation of Blind Person's Pension

- 5.5** Blind Person's Pension is fully taxable.

6 Supplementary Welfare Allowance (SWA)

- 6.1** SWA is a means tested payment for people whose means are insufficient to meet their needs. This scheme, which is administered by the Health Boards on behalf of DSFA, provides income support for people who have an immediate financial need and who do not qualify for any other social welfare payments, or whose needs are not met by social welfare payments generally. SWA is not normally paid to persons in full-time employment, full-time education or who are directly involved in trade disputes. In addition to a basic weekly payment, there are also a number of additional payments covered under the SWA scheme, including -

- rent and mortgage supplements,
- supplements for special heating or dietary needs,
- exceptional needs payments,
- urgent needs payments.

The Back to School Clothing and Footwear Allowance scheme also operates in parallel with the SWA scheme.

While not specifically targeted at people who are sick or people with disabilities, the SWA scheme nevertheless provides income support for those who are short-term ill and who do not qualify for DB or Invalidity Pension.²⁶⁵ In addition, SWA can be paid pending the payment of other social welfare payments, such as DB, IP, DA etc.

Proof of Illness

- 6.2** Medical certificates from the claimant's doctor confirming incapacity for work must be submitted on a regular basis to the Community Welfare Officer.

Duration of Payment

- 6.3** Payment of SWA can continue for as long as the claimant continues to fulfil the conditions.

Rates of Payment

- 6.4** The rates of payment depend on the claimant's family size, circumstances and means. The current maximum personal payment is €124.80 per week, with increases of €82.80 for a qualified adult and €16.80 for each qualified child.

Taxation of SWA

- 6.5** All payments under the Supplementary Welfare Allowance scheme, whether by way of basic SWA payments, rent and mortgage supplements, exceptional needs payments etc., are not subject to income tax.

7 Infectious Diseases (Maintenance) Allowance

- 7.1** The Infectious Diseases (Maintenance) Allowance (IDMA) is a means-tested payment which is available from the Health Boards for people aged 16 years and over and who are unable to make reasonable and proper provision for their own maintenance or the maintenance of their dependants because they are undergoing treatment for a specified infectious disease.²⁶⁶

Proof of Infectious Disease

- 7.2** Notification from the claimant's doctor confirming that the claimant has a specified infectious disease is required.

Duration of Payment

- 7.3** The Infectious Diseases (Maintenance) Allowance continues to be paid for as long as claimants are undergoing treatment to the satisfaction of the Health Board and are thereby prevented from making reasonable and proper provision for their own maintenance and the maintenance of

²⁶⁵ See Chapter 13 – Is There a Need for a Separate Sickness Allowance?

²⁶⁶ The infectious diseases specified for the purposes of IDMA are acute anterior poliomyelitis; diphtheria; dysentery; salmonellosis; tuberculosis; typhoid and paratyphoid fevers; typhus and viral haemorrhagic diseases (including lassa fever and marburg disease).

their dependants. It is also available to carriers of infectious diseases who, through taking precautions against the spread of infection, are rendered incapable of carrying out their ordinary occupation and are therefore, unable to make reasonable and proper provision for their own maintenance and the maintenance of their dependants. However, this Allowance ceases if the person is awarded another social welfare payment, e.g. Old Age Pension at 66 years of age.

Rates of Payment

- 7.4** The rate of payment of the IDMA depends on the claimant's family size, circumstances, means and whether the claimant or the spouse is receiving in-patient services. The current maximum personal rate is €124.80, with an increase of €84.00 paid in respect of a qualified adult and €16.80 in respect of each qualified child under 16 years. €48.50 is paid in respect of a dependant (other than a spouse) aged 16 and over. Additional increases may be paid in certain cases where a helper is employed to take care of dependants or towards housing costs.

Taxation of Infectious Diseases (Maintenance) Allowance

- 7.5** The Infectious Diseases (Maintenance) Allowance is fully taxable.

8 Blind Welfare Allowance

- 8.1** This is a means-tested payment available from the Health Boards to provide supplementary financial support to unemployed blind or visually impaired persons aged 16 years and over receiving certain social welfare payments, e.g. Disability Allowance, Invalidity Pension, Blind Person's Pension, Old Age (Non-Contributory) Pension or Disability Benefit or an equivalent payment from another country. The Health Boards operate this scheme in conjunction with the National Council for the Blind of Ireland. The allowance is not paid to people in full-time residential care.

Proof of Blindness

- 8.2** Registration with the National Council for the Blind is usually accepted as satisfying the blindness condition. Where a person is not registered with the National Council for the Blind, they are required to submit a medical report from an ophthalmic surgeon.

Duration of Payment

- 8.3** The Blind Welfare Allowance continues for as long as the claimant satisfies the qualifying conditions.

Rates of Payment

- 8.4** The rate of allowance depends on the claimant's family size, circumstances and means. A supplementary allowance of €4.60 a week is payable in addition to Disability Allowance to blind people over 16 years and under 18 years in respect of a qualified adult, while €3.90 a week is payable in respect of each qualified child. A supplementary allowance of €38.80 a week is payable in addition to a Blind Person's Pension, Disability Benefit, Invalidity Pension, Disability

Allowance etc., in the case of a blind person aged 18 and over, €77.60 is payable in the case of a blind couple and €4.40 is payable in respect of each qualified child.

Taxation of Blind Welfare Allowance

- 8.5** The Blind Welfare Allowance is fully taxable.

9 Spending Allowance for Persons in Long-Stay Institutions

- 9.1** This is a means-tested payment, which is made on a discretionary basis, to provide basic spending money for disabled people who are not eligible for Disability Allowance and are in Health Board run long-stay institutions (e.g. residential accommodation). This spending allowance meets the cost of basic necessities such as newspapers, toiletries, sweets etc.

Proof of Disablement

- 9.2** No specific proof of disablement is required, but permanent residence in the long-term care institution determines eligibility.

Duration of Payment

- 9.3** The payment continues for as long as the person remains in residential care and has no other source of income.

Rates of Payment

- 9.4** The rate of this allowance is set at one fifth of the appropriate single rate of Old Age (Non-Contributory) Pension, at the date of admission. The current rate of payment is €21.00 per week.

Taxation of Allowance

- 9.5** This allowance is not taxable.

Payments made in Other Long-Stay Institutions

- 9.6** Discretionary payments are also available to certain residents of other long-term institutions. However, the level and frequency of these payment can vary.

Table 1: Comparison between Short-Term Illness Payments

	Disability Benefit	Injury Benefit	Infectious Diseases (Maintenance) Allowance	Supplementary Welfare Allowance
Conditions	<ul style="list-style-type: none"> • Incapable of work • 39 paid PRSI contributions and • 39 paid or credited cons. in relevant tax year <i>or</i> • 26 weeks PRSI paid in both the relevant income tax year and the preceding tax year 	<ul style="list-style-type: none"> • Incapable of work • Accident at work or contraction of an occupational disease • Working in employment covered for OIB purposes 	<ul style="list-style-type: none"> • Undergoing treatment for certain infectious diseases 	<ul style="list-style-type: none"> • Insufficient means to meet needs • Not normally paid to people in full-time employment or education
Age	16 to 66 years	No age restrictions	Over 16 years	No age restrictions
PRSI/Meanstested	PRSI	PRSI	Means tested	Means tested
Waiting period	3 days	3 days	None	None
Duration	<ul style="list-style-type: none"> • 1 year (< 5 years worked) • up to age 66 (> 5 years) 	6 months	No limitation	No limitation
Residency restrictions	None	None	Administrative practice is that hospital stays of 8 weeks or longer result in payment withdrawal.	Can be paid while in residential care if needs not being met
Paid in addition to other social welfare payments	<ul style="list-style-type: none"> • Can be paid in full in addition to Blind Person's, Orphan's and Disablement Pensions. • Can be paid at 1/2 rate in addition to OFP, Widow / er's Pensions and analogous payments. 	<ul style="list-style-type: none"> • Can be paid in full in addition to Blind Person's and Orphan's Pensions. • Can be paid at 1/2 rate in addition to OFP, Widow / er's Pensions and analogous payments. • Cannot be paid with Disablement Pension 	No	No
Weekly Rates of Payment	Personal: €124.80 QAA: €82.80 CDA: €16.80	Personal: €124.80 QAA: €82.80 CDA: €16.80	Personal: €124.80 QAA: €84.00 CDA (u16): €16.80 CDA (16+): €48.50	Personal: €124.80 QAA: €82.80 CDA: €16.80
Taxation	First 6 weeks exempt, taxable after that. CDA's not taxable	First 6 weeks exempt, taxable after that. CDA's not taxable	Taxable	Not taxable

Table 2: Comparison between Long-Term Social Insurance Illness/Disability Payments

	Invalidity Pension	Disablement Benefit	Unemployability Supplement
Conditions	<ul style="list-style-type: none"> • Permanently incapable of work • 260 paid PRSI contributions • 48 paid or credited contributions in last complete tax year before claim is made 	<ul style="list-style-type: none"> • Suffer loss of mental or physical faculty as a result of occupational accident or contraction of occupational disease • Working in employment covered for OIB purposes 	<ul style="list-style-type: none"> • Permanently incapable of work as result of occupational accident • Not qualified for DB, Invalidity Pension or Disability Allowance • Working in employment covered for OIB purposes
Age	Effectively must be at least 21 years in order to qualify. No upper age limit	No age restrictions	No age restrictions
PRSI/Meanstested	PRSI	PRSI	PRSI
Waiting period	Normally paid after a year on DB, but can be paid earlier if likely to remain incapable for life	Normally paid after 26 weeks on Injury Benefit, but can be paid earlier where loss of faculty can be assessed and Injury Benefit is not payable	Normally paid after 6 months Injury Benefit
Duration	No limitation	No limitation	No limitation
Residency restrictions	None	None	None
Paid in addition to other social welfare payments	Can be paid in full in addition to Disablement Pension	Can be paid in full in addition to any other social welfare payment, other than Injury Benefit	Can be paid in full in addition to Blind Person's, Orphan's and Disablement Pensions. Can be paid at 1/2 rate in addition to OFP, Widow /er's Pensions and analogous payments.
Weekly Rates of Payment	Personal u/65: €130.30 Over 65: €157.30 QAA u/66: €93.00 QAA o/66: €113.10 CDA: €19.30 Living Alone Allowance: €7.70 Over 80 Allce: €6.40 Island Allce: €12.70	Linked to degree of disablement assessed <ul style="list-style-type: none"> • For less than 20% - lump sum Disablement Gratuity paid Max: €10,910 • For 20% or more – Disablement Pension paid Max: €155.90 	Personal: €124.80 QAA: €82.80 CDA: €16.80 Living Alone Allce: €7.70 Island Allce: €12.70
Additional Benefits	"Free" schemes, Fuel Allowance, Christmas Bonus	Christmas Bonus	"Free" schemes, Fuel Allowance, Christmas Bonus
Taxation	Taxable	<ul style="list-style-type: none"> • Disablement Gratuity not taxable. • Disablement Pension taxable. 	Taxable

Table 3: Comparison between Long-Term Social Assistance Illness/Disability Payments

	Disability Allowance	Blind Person's Pension	Blind Welfare Allowance	Spending Allowance
Conditions	<ul style="list-style-type: none"> Substantially disabled in taking up suitable work 	<ul style="list-style-type: none"> Blind / partially sighted So blind that cannot perform work for which eyesight is essential or continue in ordinary job 	<ul style="list-style-type: none"> Unemployed Visually impaired Receiving DB, Invalidity Pension, DA, Blind Person's Pension or Old Age Pension 	<ul style="list-style-type: none"> Discretionary payment. Permanent residence in long-term care institutions determines eligibility
Age	16 to 66 years	18 years upwards	Over 16 years	No age restrictions
PRSI/Meanstested	Means tested	Means tested	Means tested	Means tested
Waiting period	None	None	None	None
Duration	Up to age 66	No limitation	Conditional on client being in receipt of DA, BPP or OAP etc.	No limitation
Residency restrictions	Generally not paid if in full-time residential care.	None	Not paid if in residential care	Must be living in long-term care institution
Paid in addition to other social welfare payments	Can be paid in full in addition to Disablement Pension	Can be paid in full in addition to DB, IB, UB, Maternity, Adoptive and Health and Safety Benefits, US, OFP, Widow /ers Pensions and other analogous payments.	Can be paid as a supplement to DA, Blind Person's Pension and Old Age Pension etc.	No
Weekly Rates of Payment	Personal: €124.80 QAA: €82.80 CDA: €16.80 Living Alone Allce: €7.70 Island Allce: €12.70	Personal u / 66: €124.80 Over 66: €144.00 QAA u / 66: €82.80 Over 66: €95.20 CDA: €16.80 Living Alone Allce: €7.70 Over 80 Allce: €6.40 Island Allce: €12.70	BWA rates for those aged 18 years and over Single Person: €36.90 Blind Couple: €73.80 CDA: €4.40 BWA rates for DA recipient aged 16 to 18 years: QAA: €4.40 CDA: €3.90	€21.00
Additional Benefits	"Free" schemes, Fuel Allowance and Christmas Bonus	"Free" schemes, Fuel Allowance and Christmas Bonus	Christmas Bonus	None
Taxation	Not taxable	Taxable, but tax credit of €800 available to single blind people and €1,600 for a blind couple	Taxable	Not taxable

Appendix

IV Statistical Tables

Table A: Expenditure on Illness/Disability Payment Schemes, 1982-2002

Year	DB €000	OIB €000	Invalidity €000	DPMA/DA €000	BPP €000	IDMA €000	PRB €000	Total €000	% Change
1982	187449	21841	60079	39799*	N/A	N/A	29325	338492	-
1983	209168	25945	71066	43788*	N/A	N/A	26124	376091	11.11
1984	233034	29300	82091	58168*	N/A	N/A	23618	426211	13.33
1985	268308	30748	90342	59734*	N/A	N/A	27176	476308	11.75
1986	284151	32536	109435	69158*	N/A	N/A	26342	521621	9.51
1987	276818	38040	121708	59581*	N/A	N/A	19662	515810	-1.11
1988	254082	37381	131048	75090*	N/A	N/A	11468	509069	-1.31
1989	230733	39875	139566	79455*	N/A	N/A	10168	499797	-1.82
1990	223082	43360	154763	86548*	N/A	182*	9919	517853	3.61
1991	219646	46867	170146	100591*	N/A	174*	9830	547254	5.68
1992	219559	45638	183664	110729*	N/A	155*	6981	566726	3.56
1993	212034	46521	199732	120046*	N/A	169*	948	579450	2.25
1994	210029	48335	217906	121447*	N/A	143*	24	597884	3.18
1995	212672	51518	224052	137012	10793	145*	N/A	636192	6.41
1996	212596	54335	241034	157533	11047	165*	N/A	676710	6.37
1997	228439	60605	253023	192822	11133	128*	N/A	746151	10.26
1998	241437	61261	264259	219550	11655	142*	N/A	798305	6.99
1999	262702	63138	279576	245160	11760	127*	N/A	862464	8.04
2000	280828	65175	311511	279176	12302	N/A	N/A	948992	10.03
2001	329897	70496	354459	332308	13156	670*	N/A	1100986	16.02
2002	385352	77018	403611	407585	14221	670*	N/A	1288457	17.03

* Estimated

Table B: Spending on Different Programmes as Percentage of Overall Social Welfare Expenditure, 1982- 2002

Programme Type	1982 €m	%	1992 €m	%	2002* €m	%
Old Age	615	29%	1,134	25%	2,296	24%
Widow/ers and One Parent Families	262	13%	674	15%	1,592	17%
Child Related Payments	205	10%	310	7%	1,578	17%
Illness/Disability **	339	16%	567	13%	1,288	13%
Unemployment Supports	494	24%	1,243	28%	935	10%
Supplementary Welfare Allowance	27	1%	114	3%	485	5%
Miscellaneous Payments/Grants	69	3%	190	4%	477	5%
Employment Supports	N / A	N/A	18	-	269	3%
Caring Payments	N / A	N/A	13	-	166	2%
Administration	80	4%	204	5%	420	4%

* Expenditure figures for 2002 are provisional.

** Includes expenditure on DPMA, prior to its transfer to DSFA and also Infectious Diseases (Maintenance) Allowance. Does not include expenditure on Blind Person's Pension prior to 1995, as separate expenditure figures were not maintained at that time.

Table C: Relationship between spending on Social Insurance and Social Assistance Illness/Disability Payment Schemes, 1982-2002

Year	Social Insurance €m	Social Insurance as % of Total Illness/Disability Expenditure*	Social Assistance €m	Social Assistance as % of Total Illness/Disability Expenditure*
1982	309	88%	40	12%
1983	332	88%	44	12%
1984	368	86%	58	14%
1985	417	87%	60	13%
1986	452	87%	69	13%
1987	456	88%	60	12%
1988	434	85%	75	15%
1989	420	84%	80	16%
1990	431	83%	87	17%
1991	446	82%	101	18%
1992	456	80%	111	20%
1993	459	79%	120	21%
1994	476	80%	122	20%
1995	488	77%	148	23%
1996	508	75%	169	25%
1997	542	73%	204	27%
1998	567	71%	231	29%
1999	605	70%	257	30%
2000	658	69%	291	31%
2001	755	69%	346	31%
2002	866	67%	422	33%

* Includes expenditure on DPMA, prior to its transfer to DSFA, and Infectious Diseases (Maintenance) Allowance. Does not include expenditure on Blind Person's Pension prior to 1995, as separate expenditure figures were not maintained at that time.

Table D: Recipients of Different Programmes as Percentage of Overall Social Welfare Recipients

Programme Type	1984* 000's	%	1992 000's	%	2002 000's	%
Old Age	230	30%	255	30%	287	31%
Widow/ers and One Parent Families	110	14%	151	18%	211	23%
Illness/Disability	150	19%	127	15%	185	20%
Unemployment Supports	256	33%	281	34%	138	15%
Employment Supports	1	-	8	1%	51	5%
Supplementary Welfare Allowance	21	3%	14	2%	32	3%
Caring	-	-	4	-	21	2%
Child Related	6	1%	4	-	13	1%

Table E: Beneficiaries of Different Programmes as Percentage of Overall Social Welfare Beneficiaries

Programme Type	1984* 000's	%	1992 000's	%	2002 000's	%
Widow/ers and One Parent Families	159	13%	239	17%	362	24%
Old Age	282	23%	317	21%	351	23%
Illness/Disability	261	21%	226	15%	293	20%
Unemployment Supports	475	39%	629	42%	246	16%
Employment Supports	7	-	35	2%	127	9%
Supplementary Welfare Allowance	51	4%	30	2%	64	4%
Caring	-	-	7	1%	40	3%
Child Related	6	-	4	-	13	1%

* 1984 has been used as the base year, as more comprehensive data on all of the illness/disability payment schemes is only available from this year onwards.

Table F: Recipients of Illness/ Disability Payment Schemes, 1982-2002

Year	DB	Interim DB	Injury Benefit	Invalidity Pension	DPMA/ DA	BPP	IDMA	Total
1982	68079	1200*	2179	20395	22759	3700*	400*	118712
1983	69960	1200*	2430	20849	21936	3550*	350*	120275
1984	73557	1480	639	21981	24019	3400*	300*	125376
1985	79118	1959	725	24229	24197	3250*	250*	133728
1986	79168	1980	774	26107	24661	3100*	200*	135990
1987	71525	974	737	28415	24854	2950*	150*	129605
1988	61967	1044	573	29242	25047	2800*	100*	120773
1989	55521	1653	525	30909	25901	2650*	70*	117229
1990	52765	1804	577	34068	26397	2500*	66*	118177
1991	49726	1247	951	36156	27741	2500*	59*	118380
1992	47733	1083	765	36849	28759	2500*	63*	117752
1993	43924	876	725	38894	30049	2500*	44*	117012
1994	41869	854	740	40226	30693	2460*	38*	116880
1995	41830	1006	658	42092	32699	2476	44*	120805
1996	42460	1010	690	43046	37054	2450	32*	126742
1997	43500	957	720	43633	43192	2404	29*	134435
1998	43766	439	746	44925	47126	2358	27*	139387
1999	45535	514	748	46946	50431	2304	24*	146502
2000	46940	488	828	48663	54303	2229	20*	153471
2001	50715	449	861	50615	57655	2125	25*	162445
2002	54590	404	828	52147	62783	2095	25*	172872

* Estimated

Table G: Beneficiaries (Recipients, Qualified Adults and Qualified Children) of Illness/Disability Payment Schemes, 1982-2002

Year	DB	Interim DB	Injury Benefit	Invalidity Pension	DPMA/DA	BPP	IDMA	Total
1982	143647*	2700*	5927*	42215	28289*	4847*	844*	228469
1983	148107	2700*	6600*	42479	27266*	4651*	739*	232542
1984	150553	3330*	1817*	44698	29856*	4454*	633*	235341
1985	159950	3970*	1960*	47870	30077*	4258*	528*	248612
1986	187915	4846	2123	50689	30654*	4061*	422*	280710
1987	166756	2452	1990	53873	30894*	3865*	317*	260146
1988	144120	2454	1553	55139	31133*	3668*	211*	238278
1989	126378	3615	1392	58252	32195*	3472*	148*	225452
1990	121159	4220	1556	64982	32811*	3275*	139*	228143
1991	112913	2863	2365	69107	34482*	3275*	124*	225130
1992	107328	2329	1807	69205	35747*	3275*	133*	219824
1993	98879	1900	1658	73800	37351*	3275*	93*	216956
1994	93070	1828	1692	76531	38151*	3223*	80*	214576
1995	90624	2137	1561	80668	40645*	3243*	93*	218971
1996	90306	2110	1525	81320	46107	3211	68*	224647
1997	88747	1963	1574	80941	55387	3157	61*	231830
1998	89163	1055	1921	82146	61136	3102	57*	238580
1999	92853	976	1564	82557	65315	3015	51*	246331
2000	95038	914	1643	83271	70885	2910	42*	254703
2001	100526	758	1618	83762	75593	2727	53*	265037
2002	106835	707	1536	84144	83562	2668	53*	279505

* Estimated

Table H: *Qualified Adults of Illness/Disability Payment Schemes, 1982-2002*

Year	DB	Interim DB	Injury Benefit	Invalidity Pension	DPMA/DA	BPP	IDMA	Total
1982	23828*	420*	915*	9169	1661*	296*	140*	36429
1983	24559	420*	1021*	9195	1601*	284*	123*	37203
1984	26527	518*	268*	10128	1753*	272*	105*	39571
1985	28330	686*	305*	11177	1766*	260*	88*	42612
1986	20614	689	325	9607	1800*	248*	70*	33353
1987	18133	345	313	9867	1814*	236*	53*	30761
1988	16629	335	235	10080	1828*	224*	35*	29366
1989	15181	475	215	10575	1891*	212*	25*	28573
1990	14211	585	229	11408	1927*	200*	23*	28583
1991	12693	356	331	11796	2025*	200*	21*	27422
1992	11804	284	253	11958	2099*	200*	22*	26620
1993	10040	207	207	12695	2194*	200*	15*	25558
1994	8801	208	205	13051	2241*	197*	13*	24716
1995	8542	211	183	12883	2387*	198*	15*	24419
1996	8101	220	176	12713	2695	192	11*	24108
1997	7296*	209	184	12355	3179	184	10*	23417
1998	6419	137	226	11987	3553	176	9*	22507
1999	6546	75	144	11521	3762	164	8*	22220
2000	7421	81	151	11539	4299	159	7*	23657
2001	7443	57	148	11117	4732	144	9*	23650
2002	7815	42	154	10676	5233	131	9*	24060

* Estimated

Table I: Qualified Children of Illness/Disability Payment Schemes, 1982-2002

Year	DB	Interim DB	Injury Benefit	Invalidity Pension	DPMA/DA	BPP	IDMA	Total
1982	51740*	1080*	2833*	12651	3869*	851*	304*	73328
1983	53588	1080*	3149	12435	3729*	817*	266*	75064
1984	50469	1332*	910	12589	4083*	782*	228*	70393
1985	52502	1325	930	12464	4113*	748*	190*	72272
1986	88133	2177	1024	14975	4192*	713*	152*	111366
1987	77098	1133	940	15591	4225*	679*	114*	99780
1988	65524	1075	745	15817	4258*	644*	76*	88139
1989	55676	1487	652	16768	4403*	610*	53*	79649
1990	54183	1831	750	19506	4487*	575*	50*	81383
1991	50494	1260	1083	21155	4716*	575*	45*	79328
1992	47791	962	789	20398	4889*	575*	48*	75452
1993	44915	817	726	22211	5108*	575*	33*	74386
1994	42400	766	747	23254	5218*	566*	29*	72980
1995	40252	920	720	25693	5559*	569*	33*	73746
1996	39745	880	659	25561	6358	569	24*	73796
1997	37951*	797	670	24953	9016	569	22*	73978
1998	38978	479	949	25234	10457	568	21*	76686
1999	40772	387	672	24090	11122	547	18*	77608
2000	40677	345	664	23069	12283	522	15*	77575
2001	42368	252	609	22030	13206	458	19*	78942
2002	44430	261	554	21321	15546	442	19*	82573

* Estimated

Table J: Relationship between Numbers of Recipients on Social Insurance and Social Assistance Illness/Disability Payment Schemes, 1982-2002

Year	Total Social Insurance Recipients	%	Total Social Assistance Recipients	%
1982	91853	77	26859	23
1983	94439	79	25836	21
1984	97657	78	27719	22
1985	106031	79	27697	21
1986	108029	79	27961	21
1987	101651	78	27954	22
1988	92826	77	27947	23
1989	88608	76	28621	24
1990	89214	75	28963	25
1991	88080	74	30300	26
1992	86430	73	31322	27
1993	84419	72	32593	28
1994	83689	72	33191	28
1995	85586	71	35219	29
1996	87206	69	39536	31
1997	88810	66	45625	34
1998	89876	64	49511	36
1999	93743	64	52759	36
2000	96919	63	56552	37
2001	102640	63	59805	37
2002	107969	62	64903	38

Table K: Relationship between Numbers of Beneficiaries on Social Insurance and Social Assistance Illness/Disability Payment Schemes, 1982-2002

Year	Total Social Insurance Beneficiaries	%	Total Social Assistance Beneficiaries	%
1982	194489	85	33980	15
1983	199886	86	32656	14
1984	200398	85	34943	15
1985	213750	86	34862	14
1986	245573	87	35137	13
1987	225071	87	35075	13
1988	203266	85	35012	15
1989	189637	84	35815	16
1990	191917	84	36226	16
1991	187248	83	37882	17
1992	180669	82	39155	18
1993	176237	81	40719	19
1994	173121	81	41455	19
1995	174990	80	43981	20
1996	175261	78	49386	22
1997	173225	75	58605	25
1998	174285	73	64295	27
1999	177950	72	68381	28
2000	180866	71	73837	29
2001	186664	70	78373	30
2002	193222	69	86283	31

Appendix

V Poverty Trends 1994 - 2001

1. Because of the small sample size, the data relating to poverty trends among households headed by an ill or disabled person and people in receipt of illness and disability payments is subject to a wider margin of error than for the population generally. Caution should therefore, be taken in interpreting the data outlined below.

2. Consistent Poverty Trends

Table 1: Percentage of People Falling below 70% of Median Income²⁶⁷ and Experiencing Basic Deprivation by Labour Force Status of Head of Household

Household Type	1994 %	1997 %	1998 %	2000 %	2001 %
Employee	3.2	3.6	1.1	2.5	1.8
Self-employed	4.6	3.9	3.6	1.7	0.5
Farmer	5.5	1.0	3.3	1.5	1.3
Unemployed	52.2	42.7	31.2	24.5	19.1
Ill/Disabled	36.2	31.7	15.7	10.8	22.5
Retired	6.1	5.5	5.0	3.6	5.3
Home Duties	28.8	19.2	20.3	14.3	12.3
All Households	14.5	10.7	7.7	5.4	4.9

Source: *Monitoring Poverty Trends in Ireland: Results from the 2001 Living in Ireland Survey*, Table 5.10

Table 2: Proportion of People in Receipt of Specific Social Welfare Payments in Households below 70% of Median Income and Experiencing Basic Deprivation

Social Welfare Payment	1994 %	1997 %	1998 %	2000 %	2001 %
Old Age Pension	7.1	9.9	7.6	7.3	6.0
Unemployment Benefit/Assistance	29.8	28.9	27.2	19.6	10.7
Illness/Disability	22.9	16.3	15.8	11.3	16.3
Lone Parents Allowance	36.0	24.9	17.2	21.7	17.6
Widow's Pension	13.8	10.4	8.0	5.3	3.7

Source: *Monitoring Poverty Trends in Ireland: Results from the 2001 Living in Ireland Survey*, Table 5.14

²⁶⁷ The data on consistent poverty trends contained in the ESRI research paper *Monitoring Poverty Trends in Ireland: Results from the 2001 Living in Ireland Survey* is only provided in relation to the 70% median income line (see Chapter 7, section 7.3.5).

3. Trends in Numbers Falling Below Relative Income Lines

Table 3: Percentage of People Falling below 60% of Median Income by Labour Force Status of Head of Household

Household Type	1994 %	1997 %	1998 %	2000 %	2001 %
Employee	3.2	4.7	2.6	6.5	8.1
Self-employed	16.0	14.4	16.4	17.9	14.3
Farmer	18.6	16.7	23.9	24.1	23.0
Unemployed	51.4	57.7	58.8	57.1	44.7
<i>Ill/Disabled</i>	29.5	52.5	54.5	52.2	66.5
Retired	8.2	13.5	18.4	30.3	36.9
Home Duties	20.9	32.6	46.8	44.3	46.9
All Households	15.6	18.2	19.8	20.9	21.9

Source: Monitoring Poverty Trends in Ireland: Results from the 2001 Living in Ireland Survey, Table 4.7

Table 4: Proportion of People in Receipt of Specific Social Welfare Payments in Households below 60% of Median Income

Social Welfare Payment	1994 %	1997 %	1998 %	2000 %	2001 %
Old Age Pension	5.3	19.2	30.7	42.9	49.0
Unemployment Benefit/Assistance	23.9	30.6	44.8	40.5	43.1
<i>Illness/Disability</i>	10.4	25.4	38.5	48.4	49.4
Lone Parents Allowance	25.8	38.4	36.9	42.7	39.7
Widow's Pension	5.5	38.0	49.4	42.4	42.1

Source: Monitoring Poverty Trends in Ireland: Results from the 2001 Living in Ireland Survey, Table 4.22

4. Trends in Basic Deprivation

Table 5: Risk of Scoring 1 or More on Basic Deprivation Index by Labour Force Status of Head of Household

Household Type	1994 %	1997 %	1998 %	2000 %	2001 %
Employee	15.9	11.0	8.0	6.5	4.3
Self-employed	10.8	5.2	6.8	4.4	4.6
Farmer	16.8	6.3	7.3	6.3	8.5
Unemployed	57.8	40.6	38.9	27.4	26.7
<i>Ill/Disabled</i>	48.4	31.4	31.1	15.9	24.2
Retired	17.8	9.5	8.1	8.7	6.8
Home Duties	35.2	22.2	19.3	16.4	13.5
All Households	24.0	14.6	12.6	9.6	8.3

Source: ESRI

Table 6: Risk of Scoring 1 or More on Basic Deprivation Index for People Receiving Different Types of Social Welfare Payment

Social Welfare Payment	1994 %	1997 %	1998 %	2000 %	2001 %
Old Age Pension	19.3	11.7	6.4	11.2	14.6
Unemployment Benefit/Assistance	49.0	39.2	30.0	23.4	14.7
<i>Illness/Disability</i>	38.6	23.9	22.4	14.0	20.3
Lone Parents Allowance	57.1	45.2	35.8	29.0	27.9
Widow's Pension	32.0	16.9	14.8	5.4	5.7

Source: ESRI

List of Items on Basic Deprivation Index

- New not second-hand clothes
- A meal with meat, fish or chicken every second day
- A warm waterproof overcoat
- Two pairs of strong shoes
- A roast or its equivalent once a week
- Had day in the last 2 weeks without a substantial meal
- Had to go without heating during the last year through lack of money
- Experienced debt problems arising from ordinary living expenses or availed of charity

Appendix

VI Distributional Impact of Illness and Disability Payments by Decile Range

Table 1: Aggregate Change in Disposable Income by Tax Unit (€m. per annum)

Range of Disposable Weekly Income per Adult Equivalent	By Tax Unit	
	€m.	%
Less than €74	791.2	69.1
€74 to €133	100.4	8.8
€133 to €157	9.5	0.8
€157 to €220	33.7	2.9
€220 to €273	78.2	6.8
€273 to €320	67.2	5.9
€320 to €386	33.8	3.0
€386 to €465	16.1	1.4
€465 to €579	10.7	0.9
€579 +	4.8	0.4
All	1,145.6	100

Table 2: Aggregate Change in Disposable Income by Income Sharing Unit (€m. per annum)

Range of Disposable Weekly Income per Adult Equivalent	By Income Sharing Unit	
	€m.	%
Less than €119	868.5	75.8
€119 to €140	30.4	2.7
€140 to €166	4.6	0.4
€166 to €230	63.0	5.5
€230 to €279	48.0	4.2
€279 to €324	71.4	6.2
€324 to €386	29.1	2.6
€386 to €465	15.1	1.3
€465 to €576	10.7	0.9
€576 +	4.8	0.4
All	1,145.6	100

Appendix

VII Bibliography

An Agreed Programme for Government between Fianna Fáil and the Progressive Democrats (Dublin, 2002).

Also available online at <http://www.taoiseach.gov.ie/upload/publications/1480.pdf>

Barrett, A., Whelan, C.T. and Sexton, J.J., *Employability and its Relevance for the Management of the Live Register*, ESRI Policy Research Series 40 (Dublin: Economic and Social Research Institute, 2001).

Berthoud, Richard, *Disability Benefits: A Review of the Issues and Options for Reform* (York: Joseph Rowntree Foundation, 1998).

Beveridge, William, *Social Insurance and Allied Services* (London: H.M.S.O., 1942).

Callan, T., Nolan, B. and Whelan, C.T., *A Review of the Commission on Social Welfare's Minimum Adequate Income*, ESRI Research Paper No. 29 (Dublin: Economic and Social Research Institute, 1996).

Cantillon, S. and O'Shea, E., *Social Expenditure, Redistribution and Participation*, in Cantillon, S., Corrigan, C., Kirby, P. and O'Flynn, J., (Eds.), *Rich and Poor: Perspectives in Tackling Inequality in Ireland* (Dublin: Oak Tree Press, 2001).

Central Statistics Office, *Census 1981, Volume 4, Principal Economic Status and Industries*, (Dublin: Central Statistics Office, 1985).

Central Statistics Office, *Census 1986, Volume 6, Principal Economic Status and Industries* (Dublin: The Stationery Office, 1993).

Central Statistics Office, *Planning for the Ireland of Tomorrow: Census 1996, Volume 5, Principal Economic Status and Industries* (Dublin: The Stationery Office, 1998).

Central Statistics Office, *Disability in the Labour Force: Quarterly National Household Survey, Second Quarter 2002* (Dublin: Central Statistics Office, 2002).

Also available online at <http://www.cso.ie/publications/labour/disability.pdf>

Commission on Health Funding, *Report of the Commission on Health Funding* (Dublin: The Stationery Office, 1989).

Commission of Inquiry on Safety, Health and Welfare at Work, *Report of the Commission of Inquiry on Safety, Health and Welfare at Work* (Dublin: The Stationery Office, 1983).

Commission on Social Welfare, *Report of the Commission on Social Welfare* (Dublin: The Stationery Office, 1986).

Commission on the Status of People with Disabilities, *A Strategy for Equality: Report of the Commission on the Status of People with Disabilities* (Dublin: The Stationery Office, 1996).

Commission on the Status of People with Disabilities, *Final Report of the Working Group on Income Support for the Commission on the Status of People with Disabilities* (Dublin: Commission on the Status of People with Disabilities, 1994).

Commission on Taxation, *First Report of the Commission on Taxation: Direct Taxation* (Dublin: The Stationery Office, 1982).

Conference of the Religious in Ireland, *Achieving Inclusion: Policies to Ensure Economic Development, Social Equity and Sustainability* (Dublin: CORI Justice Commission, 2003).

Also available online at http://www.cori.ie/justice/publications/ansoecrev/ase_review03.pdf

Co-ordinating Group of Secretaries, *Delivering Better Government: A Programme for Change in the Irish Civil Service* (Dublin: The Stationery Office, 1996).

Corden, A. and Thornton, P., *Employment Programmes for Disabled People: Lessons from Research Evaluations*, In-house Report 90 (London: Social Research Branch, Department for Work and Pensions, 2002).

Dáil Éireann, Parliamentary Debates, Volume 263, 25 October 1972 to 23 November 1972 (Dublin: The Stationery Office, 1973).

Dáil Éireann, Parliamentary Debates, Volume 546, 6 December 2001 to 14 December 2001 (Dublin: The Stationery Office, 2001).

Dáil Éireann, Parliamentary Debates (Unrevised), Volume 558, No. 5, 4 December 2002 (Dublin: The Stationery Office, 2002).

Deeny, James, *Tuberculosis in Ireland, Report of the National Tuberculosis Survey (1950-1953)* (Dublin: Medical Research Council of Ireland, 1954).

Department of Health, *Towards A Full Life: Green Paper on Services for Disabled People* (Dublin: The Stationery Office, 1984).

Department of Health, *Towards an Independent Future: Report of the Review Group on Health and Personal Social Services for People with Physical and Sensory Disabilities* (Dublin: The Stationery Office, 1996).

Department of Justice, Equality and Law Reform, *Building a Future Together: Report of the Establishment Group for the National Disability Authority and Disability Support Service* (Dublin: The Stationery Office, 1998).

Department of Social, Community and Family Affairs, *Review of the Carer's Allowance* (Dublin: The Stationery Office, 1998).

Department of Social, Community and Family Affairs, *Social Inclusion Strategy of the Department of Social, Community and Family Affairs* (Dublin: The Stationery Office, 1998).

Department of Social, Community and Family Affairs, *Review of the One-Parent Family Payment* (Dublin: The Stationery Office, 2000).

Also available online at <http://portal.welfare.ie/publications/allpubs/opfpreview.pdf>

Department of Social, Community and Family Affairs, *Building an Inclusive Society: Review of the National Anti-Poverty Strategy under the Programme for Prosperity and Fairness* (Dublin: The Stationery Office, 2002).

Also available online at http://portal.welfare.ie/publications/allpubs/naps/building_an_inclusive_society.pdf

Department of Social, Community and Family Affairs, *Submission on Employability to Central Steering Committee for Programme Evaluation* (Dublin: Department of Social, Community and Family Affairs, 2002).

Department of Social and Family Affairs, *Study to Examine the Future Financing of Long-Term Care in Ireland* (Dublin: The Stationery Office, 2002).

Department of Social and Family Affairs, *Review of Social Welfare Payments to Orphans* (Dublin: Department of Social and Family Affairs, 2003).

Department of Social and Family Affairs, *Promoting a Caring Society: Strategy Statement 2003-2005* (Dublin: Department of Social and Family Affairs, 2003).

Also available online at <http://portal.welfare.ie/publications/allpubs/ss0305.pdf>

Department of Social and Family Affairs, *Statistical Information on Social Welfare Services 2002* (Dublin: The Stationery Office, 2003).

Also available online at http://portal.welfare.ie/publications/allpubs/sws_statistics/index.xml

Department of Social Welfare, *White Paper Containing Government Proposals for Social Security* (Dublin: The Stationery Office, 1949).

Department of Social Welfare, *First Report of the Department of Social Welfare 1947-1949* (Dublin: The Stationery Office, 1950).

Department of Social Welfare, *Report of the Department of Social Welfare 1963-1966* (Dublin: The Stationery Office, 1967).

Department of Social Welfare, *A National Income Related Pension Scheme: A Discussion Paper* (Dublin: The Stationery Office, 1976).

Department of Social Welfare, *Report of the Interdepartmental Committee on the Introduction of Statutory Sick Pay* (Dublin: Department of Social Welfare, 1987).

Department of Social Welfare, *Profile of the Disability Benefit and Invalidity Pensions Populations 1989* (Dublin: Planning Unit, Department of Social Welfare, 1990).

Department of Social Welfare, *Inter-Departmental Report on the Development of an Integrated Social Services System* (Dublin: The Stationery Office, 1996).

Department of Social Welfare, *Social Insurance in Ireland* (Dublin: The Stationery Office, 1996).

Department of the Taoiseach, *Programme for Prosperity and Fairness* (Dublin: The Stationery Office, 2000).
Also available online at <http://www.taoiseach.gov.ie/upload/publications/310.pdf>

Department of the Taoiseach, *Basic Income: A Green Paper* (Dublin: Department of the Taoiseach, 2002).
Also available online at <http://www.taoiseach.gov.ie/viewitem.asp?id=1660&lang=ENG>

Department of the Taoiseach, *Sustaining Progress: Social Partnership Agreement 2003-2005* (Dublin: The Stationery Office, 2003).
Also available online at <http://www.taoiseach.gov.ie/upload/SustProgagri.pdf>

EIM Business and Policy Research, *The Employment Situation of People with Disabilities in the European Union* (Belgium: European Commission Directorate-General for Employment and Social Affairs, 2001).
Also available online at http://europa.eu.int/comm/employment_social/publications/2001/cev501003_en.pdf

Farley, Desmond, *Social Insurance and Social Assistance in Ireland* (Dublin: Institute of Public Administration, 1964).

Hensey, Brendan, *The Health Service of Ireland* (Dublin: Institute of Public Administration, 1979).

House of Commons, *Parliamentary Debates*, Volume 129, 10 May 1920 to 4 June 1920 (London: H.M.S.O., 1920).

Interdepartmental Committee on the Introduction of Statutory Sick Pay, *Report of the Interdepartmental Committee on the Introduction of Statutory Sick Pay* (Dublin: Department of Social Welfare, 1987).

International Labour Office, *Into the Twenty-First Century: The Development of Social Security* (Geneva: International Labour Office, 1984).

International Labour Office, *Introduction to Social Security*, 3rd Edition (Geneva: International Labour Office, 1984).

International Labour Office, *Vocational Rehabilitation and Employment of Disabled Persons* (Geneva: International Labour Office, 1998).

Law Reform Commission, *Report on Section 2 of the Civil Liability (Amendment) Act, 1964: The Deductibility of Collateral Benefits from Awards of Damages* (Dublin: The Law Reform Commission, 2002).

Also available online at http://www.lawreform.ie/Collateral%20Benefits%20Report%20%20Final%20Version%20_Printer%205%20Feb%200.pdf

Lunt, N. and Thornton, P., *Employment Policies for Disabled People: A Review of Legislation and Services in Fifteen Countries*, ED Research Series No. 16 (Sheffield: Department of Employment, 1993).

Mutual Information Systems on Social Protection (MISSOC), *Social protection in the EU-Member States and the European Economic Area, Situation on 1 January, 2002* (Luxembourg: European Communities, 2002).

Also available online at http://europa.eu.int/comm/employment_social/missoc2002/missoc_info_en.htm

National Advisory Committee on Training and Employment, *Employment Challenges for the Millennium: A Strategy for People with Disabilities in Sheltered and Supported Work and Employment* (Dublin: National Rehabilitation Board, 1997).

National Economic and Social Council, *Response of the NESC to the Government's Proposals on Overhauling the Disability Benefit Scheme* (Dublin: National Economic and Social Council, 1986).

National Economic and Social Forum, *Income Maintenance Strategies*, Forum Report No. 5 (Dublin: National Economic and Social Forum, 1994).

National Health Board Review Group, *Report of the National Health Board Review Group on Department of Health and Children Disability Allowances and Grant Schemes* (Dublin: National Health Board Review Group, 2002).

National Pensions Board, *Report on the Extension of Social Insurance to the Self-Employed* (Dublin: The Stationery Office, 1988).

National Pensions Board, *Developing the National Pension System: Final Report of the National Pensions Board* (Dublin: The Stationery Office, 1993).

Nolan, Brian and Russell, Helen, *Non-Cash Benefits and Poverty in Ireland* (Dublin: Economic and Social Research Institute, 2001).

Nolan, Brian, Gannon, Brenda, Layte, Richard, Watson, Dorothy, Whelan, Christopher T. and Williams, James, *Monitoring Poverty Trends in Ireland: Results from the 2000 Living in Ireland Survey* (Dublin: Economic and Social Research Institute, 2002).

Ogus, A. I., Barendt, E. M. and Wikeley, N. J., *The Law of Social Security*, Fourth Edition (London: Butterworths, 1995).

The Pensions Board, *Securing Retirement Income: National Pensions Policy Initiative* (Dublin: The Pensions Board, 1998).

Quinn, Orlaigh, *A Review of the Free Schemes operated by the Department of Social, Community and Family Affairs*, Studies in Public Policy 5 (Dublin: The Policy Institute, Trinity College Dublin, 2000).

Small Firms Association, *National Survey on Conditions of Employment* (Dublin: Small Firms Association, 2001).

Social Security Administration, *Social Security Programs Throughout the World – 1997* (USA: Office of Research and Statistics, Social Security Administration, 1997).

Social Security Advisory Committee, *Social Provision for Disability: A Case for Change?* (London: The Stationery Office, 1997).

Social Welfare Benchmarking and Indexation Group established under the Programme for Prosperity and Fairness, *Final Report of the Social Welfare Benchmarking and Indexation Group* (Dublin: Social Welfare Benchmarking and Indexation Group, 2001).

Thornton, P. and Lunt, N., *Employment Policies for Disabled People in Eighteen Countries: A Review* (York: Social Policy Research Unit, University of York, 1997).

Whelan, Christopher T., Layte, Richard, Maître, Bertrand, Watson, Dorothy, Nolan, Brian and Williams, James, *Monitoring Poverty Trends in Ireland: Results from the 2001 Living in Ireland Survey* (Dublin: Economic and Social Research Institute, 2003).

Whyte, Gerry and Cousins, Mel, *A Guide to Sickness and Disability Payments* (Dublin: Free Legal Advice Centres, 1997).

Working Group on the Development of a Code of Practice for Sheltered Occupational Services, *Report of the Working Group on the Development of a Code of Practice for Sheltered Occupational Services* (Dublin: Department of Health and Children, 2003).

Working Group on the Integration of the Tax and Social Welfare Systems, *Integrating Tax and Social Welfare: Report of the Expert Working Group on the Integration of the Tax and Social Welfare Systems* (Dublin: The Stationery Office, 1996).

Zimmerman, W., Riessner, S. and Shrey, D. (Eds.), *Strategies for Success: Disability Management in the Workplace* (Port Alberni: National Institute of Disability Management and Research, 1997).

