



**AN BILLE LEASA SHÓISIALAIGH, 1994**  
**SOCIAL WELFARE BILL, 1994**

**EXPLANATORY MEMORANDUM**

*Introduction*

The Bill provides for the increases from July in the rates of Social Welfare payments announced in the Budget and for a number of other improvements in Social Welfare schemes. The Bill also provides for a new social insurance Survivor's Pension scheme which provides for equal treatment for widows and widowers. It also provides for changes in the rates of PRSI contributions payable by employers and for a new PRSI Exemption Scheme and certain other miscellaneous changes in the Social Welfare Code.

The Bill also provides for amendments to the Health Contributions Act, 1979 and the Youth Emolument Agency Act, 1981.

The Bill contains 7 Parts.

*Part I (Sections 1 and 2)* contains the usual provisions for short title and construction.

*Part II (Sections 3 to 6)* provides for:

- an increase of 3 per cent. in the weekly rates of social insurance and social assistance payments;
- an overall increase of almost 6 per cent. in the personal rate of short-term payments;
- a further increase of £2.10 in the weekly personal rate of Disability Benefit, Unemployment Benefit and Injury Benefit;
- an additional increase of £8.40 in the personal rate of Invalidity Pension for people age 66 or over bringing it into line with the personal rate of Old Age (Contributory) Pension;
- an increase in the rate of Child Benefit from £20 to £25 for the third child and from £23 to £25 for subsequent children; and
- an increase of £10 in the income limits for eligibility under the Family Income Supplement scheme.

*Part III (Sections 7 to 10)* provides for changes relating to the payment of social insurance contributions which include:

- a reduction in the PRSI contribution payable by employers in respect of employees with weekly earnings of up to £173;
- an increase in the earnings ceilings for PRSI contributions and

an increase in the minimum voluntary contribution payable by former self-employed contributors; and

- a new PRSI Exemption Scheme for employers who take on unemployed people.

*Part IV (sections 11 to 14)* provides for a new Survivor's Pension scheme under which widowers will become entitled to a pension on the basis of the existing conditions applied in determining entitlement to Widow's (Contributory) Pension.

*Part V (Sections 15 to 25)* provides for:

- improved provisions for the assessment of means for Lone Parent's Allowance and Carer's Allowance;
- an extension of entitlement to Maternity Benefit in cases of still-born births which occur after 24 weeks and provision for a minimum rate of Maternity Benefit in line with the requirements of EC Directive 92/85 on the Protection of Pregnant Workers;
- provision to exempt people engaged in casual employment from having to have sustained a substantial loss of employment in order to qualify for Unemployment Benefit;
- standardisation of certain income disregards applied in the assessment of means for the various social assistance payments;
- improved provisions relating to the linking of claims for Unemployment Benefit;
- integration of Injury Benefit and Unemployability Supplement with Disability Benefit;
- following on the special additional increase in the rate of Unemployment Benefit, Disability Benefit and Injury Benefit, the discontinuance of Pay-Related Benefit payable with Unemployment Benefit for new claimants and an increase in the amount of reckonable weekly earnings disregarded in calculating entitlement to Pay-Related Benefit for existing claimants;
- an increase from £5 to £10 in the minimum rate of unemployment assistance payable to young people living at home;
- an extension of the definition of child dependant in the Supplementary Welfare Allowance scheme to enable increases to be paid in respect of children over 18 in certain circumstances; and
- provisions to enable participants in special schemes for the unemployed retain entitlements under the Supplementary Welfare Allowance scheme.

*Part VI (sections 26 to 32)* provides for a number of miscellaneous changes in the Social Welfare Code. These include:

- improvements in the payment after death provisions following the death of a spouse;
- the exemption of certain recipients of Pre-Retirement Allowance from the provisions limiting the entitlements of couples;
- provisions to enable social welfare inspectors investigate claims made by people resident in the State for social security payments from other EU States or countries with which Ireland has a reciprocal social security agreement, at the request of the other Member State or country;

- an extension, to people who engage contractors or sub-contractors, of existing provisions requiring employers to produce certain records for inspection by social welfare inspectors and other provisions under which employers are liable in certain circumstances to repay social welfare payments received by an employee to which he or she was not entitled;
- provisions for rounding the means of a person in the assessment of means for Supplementary Welfare Allowance;
- regulatory powers for extending entitlement to Occupational Injuries Benefits; and
- consequential amendments to the Social Welfare (Consolidation) Act, 1993 arising from the streamlining of rates of increases for child dependants.

*Part VII (sections 33 and 34) exempt employers from liability for the Health Contribution and the Employment and Training Levy in the case of employees who hold medical cards. This Part also exempts employees with earnings of up to £173 per week and self-employed people with earnings of up to £9,000 per year from these payments.*

## PART II

### *Social Insurance*

*Section 3 provides for an increase of 3 per cent. generally in the weekly personal and adult dependant rates and increases in child dependant rates of social insurance payments from July, 1994 and for an additional increase of 3 per cent. to bring all short-term rates up to the priority rate recommended by the Commission on Social Welfare and a further special increase in the personal rates of Disability Benefit, Unemployment Benefit and Injury Benefit giving an overall increase of 10 per cent. in these payments. The personal rates of Disability Benefit, Unemployment Benefit and Injury Benefit are being increased to a new weekly rate of £61.*

*The personal rates of Old Age (Contributory) Pension and Retirement Pension are being increased by £2.10 a week to £71, while a person with an adult dependant under 66 years gets an increase of £3.40 a week to £116.20 and to £122 if the adult dependant is 66 years or over. The rates of Widow's (Contributory) Pension and Deserted Wife's Benefit are being increased to £64.50 from July, 1994. The personal rate of Invalidity Pension is being increased to £62.60 while in the case of a person who is age 66 or over, the weekly rate of pension is being increased by a further £8.40 to £71. This brings the personal rate of Invalidity Pension into line with the personal rate of Old Age (Contributory) Pension. The rates of pensions and lump-sum gratuities under the Occupational Injuries Benefits scheme are also being increased. The maximum personal rate of Disablement Pension and the personal rates of pensions for widows and invalided widowers under the Occupational Injuries Benefits scheme are being increased by £2.40 from July, 1994. The weekly rate of child dependant increase payable for short-term social insurance schemes is increased to £13.20.*

*In addition the child dependant increase for the third and subsequent children payable with Old Age (Contributory) Pension, Retirement Pension and Invalidity Pension is being increased from £12.80 to £15.20 bringing it into line with the rate payable for the first two children.*

The following table shows the effects of the increases on the principal rates of benefit payable under the social insurance schemes:

	Present Rate	Proposed Rate
	£	£
<b>Disability and Unemployment Benefit:</b>		
—Personal Rate	55.60	61.00
—Married Couple	91.10	97.60
—Married Couple with 2 children	116.70	124.00
<b>*Old Age (Contributory) Pension/Retirement Pension:</b>		
—Personal Rate (under 80 years)	68.90	71.00
—Personal Rate (80 years and over)	73.50	75.70
<b>Married Couple:</b>		
—Pensioner under 80 with adult dependant over 66	118.40	122.00
—Pensioner 80 and over with adult dependant over 66	123.00	126.70
<b>*Invalidity Pension:</b>		
—Personal Rate (under 66 years)	60.80	62.60
—Married Couple	100.90	103.90
—Married Couple with 2 children	130.70	134.30
—Personal Rate (over 66 years)	60.80	71.00
—Married Couple	100.90	112.30
—Married Couple with 2 children	130.70	142.70
<b>*Widow's (Contributory) Pension and Deserted Wife's Benefit:</b>		
—Personal Rate (under 80 years)	62.60	64.50
—With 2 children	95.60	98.50
—Personal Rate (80 years and over)	67.20	69.20
<b>Orphan's (Contributory) Allowance:</b>	39.20	40.40

\*An additional amount of £4.80 per week is payable to a person who has attained pension age and is living alone. In addition, an increase of £4.70 is payable to pensioners who have attained 80 years of age.

### Social Assistance

Section 4 provides for an increase of 3 per cent. generally in the weekly personal and adult dependant rates and for increases in child dependant rates of social assistance payments. There is an extra increase of 3 per cent. in the short-term rate of Unemployment Assistance to bring this rate up to the priority rate recommended by the Commission on Social Welfare. The personal weekly short-term rate of Unemployment Assistance and Supplementary Welfare Allowance is increased by £3.30 to £58.90 (6 per cent.). There are increases of £1.80 a week in the long-term rate of Unemployment Assistance, Pre-Retirement Allowance, Old Age (Non-Contributory) Pension, Widow's (Non-Contributory) Pension, Lone Parent's Allowance and Carer's Allowance. The weekly rate of Orphan's (Non-Contributory) Pension is increased to £40.40. The weekly rate of child dependant allowance payable for all assistance schemes from July, 1994 will be £13.20 with the exception of Lone Parent's Allowance and allied payments, where the rate will be £15.20.

The following table shows the effects of the increases on the principal rates of social assistance payments:

	Present Rate	Proposed Rate
	£	£
<b>Unemployment Assistance (short-duration)</b>		
— Personal Rate	55.60	58.90
— Married Couple	91.10	95.50
— Married Couple with 2 children	116.70	121.90

	Present Rate	Proposed Rate
Unemployment Assistance (long-duration) and Pre-Retirement Allowance:		
— Personal Rate	59.20	61.00
— Married Couple	94.70	97.60
— Married Couple with 2 children	120.30	124.00
*Old Age (Non-Contributory) Pension and Blind Pension:		
— Personal Rate (under 80 years)	59.20	61.00
— Married Couple	94.70	97.60
— Married Couple with 2 children	120.30	124.00
*Widow's (Non-Contributory) Pension and Allied Payments:		
— Personal Rate (under 66 years)	59.20	61.00
*Lone Parent's Allowance:		
— (includes payment for 1 child)	74.10	76.20
— with 2 children	89.00	91.40
Carer's Allowance:		
— Personal Rate	59.20	61.00
— with 2 children	84.80	87.40
Orphan's (Non-Contributory) Pension:	39.20	40.40

\*An additional amount of £4.80 is payable to a person who has attained pensionable age and is living alone. In addition, an increase of £4.70 is payable to pensioners who have attained 80 years of age.

#### *Child Benefit*

Section 5 provides for an increase in the higher rate of Child Benefit from £23 to £25 a month and provides for the payment of the higher rate for the third child onwards.

#### *Family Income Supplement (FIS)*

Section 6 provides for an increase of £10 from July, 1994 in the weekly income limits below which families can qualify for FIS. The weekly limit for a family with four children will now be £245 a week and for a family with eight or more children, £324 a week.

### PART III

#### *Employment Contributions*

Section 7 provides for a restructuring of the rates of PRSI contributions payable by employers. From 6 April, 1994 employers will be liable for a reduced rate contribution of 9 per cent. in the case of employees earning up to £173 in a week and a contribution of 12.2 per cent. in the case of employees earning over £173 a week. This section also increases the ceilings up to which PRSI contributions are payable by employers from £21,300 to £25,800 and by employees from £20,000 to £20,900. A number of consequential amendments to references in the 1993 Consolidation Act arising from this section are provided for in *Schedule C* to the Bill.

#### *Self-Employment Contributions*

Section 8 increases the income ceiling up to which PRSI contributions are payable by the self-employed from £20,000 to £20,900.

#### *Voluntary Contributions by Former Self-Employed Contributors*

Section 9 provides for an increase from £234 to £250 in the annual rate of voluntary contribution payable by a voluntary contributor who was formerly a self-employed contributor.

#### *PRSI Exemption Scheme*

Section 10 provides for the introduction of a new PRSI Exemption

Scheme for employers who take on unemployed people. Under this scheme, employers who take on additional employees between 6 April, 1994 and 5 April, 1995 will not have to pay the employer element of PRSI contributions in respect of such employees in the period 6 April, 1994 to 5 April, 1996 provided the employees concerned represent a net increase in the number of employees in their employment over that applying on 21 February, 1994.

#### PART IV

##### *Survivor's Pension*

*Section 11* provides for the introduction of a new Survivor's Pension scheme which provides for equal treatment for widows and widowers. Under the new scheme, widowers will qualify for a Survivor's Pension under the same conditions as currently apply in the case of Widow's (Contributory) Pension. The existing Widow's (Contributory) Pension and Survivor's Benefit schemes are being incorporated into the new scheme.

*Section 12* provides that existing recipients of Widow's (Contributory) Pension and Survivor's Benefit will continue to receive their payments under the new Survivor's Pension on the commencement of Part IV of the Bill.

*Section 13* provides for a number of consequential amendments to the 1993 Consolidation Act arising from the introduction of the Survivor's Pension. These are contained in *Schedule D* to the Bill.

*Section 14* provides that the new Survivor's Pension scheme will be brought into force by way of Commencement Order.

#### PART V

##### *Lone Parent's Allowance*

*Section 15* provides for improvements in the provisions for the assessment of means for Lone Parent's Allowance in the case of lone parents with income from employment or self-employment. It replaces the existing earnings disregard of £6 per child with a flat-rate disregard of a prescribed amount (to be set at £30 a week inclusive of the initial means disregard of £6) and provides that the rate of allowance payable for people with earnings in excess of this amount will be reduced by £1 for each £2 of such earnings. These improvements will come into force from 21 July, 1994.

##### *Carer's Allowance*

*Section 16* provides for improvements in the assessment of means for Carer's Allowance in the case of a carer whose spouse is in employment or self-employment. It provides that an amount of earnings to be prescribed (to be set at £100 a week) will be disregarded in the assessment of means. This section also increases the initial means disregard applied at present from £2 to £6. These improvements will come into force from 28 July, 1994.

##### *Maternity Benefit*

*Section 17* provides that Maternity Benefit will be payable in the case of a still-birth from 24 weeks onwards of the pregnancy, as compared with 28 weeks at present. The section also provides that the rate of Maternity Benefit payable may not be less than the rate of Disability Benefit which the woman would receive if she were entitled to Disability Benefit, in line with EC Directive 92/85 on the Protection of Pregnant Workers.

### *Calculation of Means for Social Assistance Schemes*

*Section 18* provides for a number of improvements in the provisions for the assessment of means for social assistance payments. These include:

- exempting Child Benefit payments received from another EU Member State;
- an extension of the existing exemption of income from employment as a home help by a health board to include employment by an agency approved of by a health board;
- disregarding maintenance grants under the Higher Education Grants schemes in the case of a person participating in the Third Level Allowance scheme;
- disregarding payments by way of a Mobility Allowance or Rehabilitation Training Allowance in the case of all social assistance payments; and
- regulatory powers to exempt income derived from prescribed activities.

### *Unemployment Benefit*

*Section 19* exempts people engaged in casual employment from the qualifying condition for Unemployment Benefit of having to have sustained a substantial loss of employment. For the purposes of this exemption, the term casual employment will be defined in regulations. The section also provides for an improvement in the current provisions for linking claims for Unemployment Benefit. Under existing provisions, two separate claims for benefit are linked if they are within the same period of interruption of employment, irrespective of the period of time between the claims. *Section 19* provides that claims for Unemployment Benefit will only link where they are not separated by more than two years in any continuous period of interruption of employment.

### *Occupational Injuries Benefits*

*Section 20* provides for the integration of Injury Benefit and Unemployability Supplement payable under the Occupational Injuries Benefits scheme with Disability Benefit. This section provides that people who would otherwise have qualified for Injury Benefit or Unemployability Supplement will be entitled to Disability Benefit on the basis of the existing conditions applied in determining entitlement to Injury Benefit or Unemployability Supplement. The section also provides for a number of consequential amendments to the 1993 Consolidation Act and these are contained in *Schedule E* to the Bill.

### *Pay-Related Benefit*

Following on the special additional increase provided for in the personal rates of Unemployment Benefit, Disability Benefit and Injury Benefit, *section 21* provides that Pay-Related Benefit will not be payable with Unemployment Benefit in the case of any new claim made after 20 July, 1994 or in the case of linked claims made on or after 1 November, 1995. This section also provides for an increase from £80 to £97.50 in the amount of weekly earnings disregarded in calculating the weekly rate of Pay-Related Benefit.

### *Unemployment Assistance (minimum payment)*

*Section 22* increases from £5 to £10 the minimum weekly rate of Unemployment Assistance payable to single people with means solely assessed on the basis of parental income.

### *Supplementary Welfare Allowance*

*Section 23* amends the definition of child dependant applied in the Supplementary Welfare Allowance scheme to enable an increase to

be paid in respect of a person aged 18 and over for a period of three months after completing the Leaving Certificate Examination or leaving second level education.

Sections 24 and 25 provide for regulatory powers to enable participants in the educational initiatives or special schemes for the unemployed, such as the Third Level Allowance Scheme and the Community Employment Programme, retain entitlements such as rent supplements under the Supplementary Welfare Allowance scheme.

## PART VI

### *Payment after Death*

Section 26 extends to all schemes the provisions whereby payment of an adult dependant allowance is continued for 6 weeks after the death of the spouse in respect of whom an adult dependant allowance was payable or would have been payable but for the receipt by the spouse of an Old Age (Non-Contributory) Pension, Blind Pension or Carer's Allowance in his or her own right.

### *Pre-Retirement Allowance*

Section 27 provides that the provisions limiting the entitlements of couples where one of a couple is in receipt of Pre-Retirement Allowance and the other is also in receipt of a Social Welfare payment will not apply in the case of people in receipt of the allowance prior to the extension of these provisions to Pre-Retirement Allowance on 2 April, 1993.

### *Social Welfare Inspectors*

Section 28 extends to contractors and sub-contractors, existing provisions under which employers and certain other people are required to produce records for inspection by social welfare inspectors. The section also enables social welfare inspectors to investigate claims made by people resident in the State for social security payments from another EU Member State or countries with which Ireland has a reciprocal social security agreement, at the request of the other Member State or country.

### *Failure to Keep Records*

Section 29 extends to contractors and sub-contractors, existing provisions under which employers are liable in certain circumstances to repay Social Welfare payments received by an employee which he or she was not entitled to receive.

### *Social Assistance Schemes*

Section 30 brings the provisions for rounding of means in the Supplementary Welfare Allowance scheme into line with those applying in the Unemployment Assistance scheme. It provides that means will be rounded to the nearest £1 and the rate of allowance payable to people with means will be reduced by £1 for each £1 of means. This section also provides for the repeal of an obsolete provision in the Unemployment Assistance scheme for rounding child dependant increases payable at half-rate.

### *Occupational Injuries Insurance*

Section 31 provides for regulatory powers to extend entitlement to Occupational Injuries Benefits.

### *Consequential Amendments*

Section 32 provides for a number of consequential amendments to

the 1993 Consolidation Act arising from the standardisation of the rates of increases for child dependants from July, 1994.

#### PART VII

*Section 33* provides for an amendment to the Health Contributions Act, 1979 to exempt employers from liability for the Health Contributions in the case of employees who hold a medical card. This section also exempts from liability for the Health Contributions, employees with earnings which do not exceed £173 a week and self-employed people with income which does not exceed £9,000 a year. *Section 34* provides for similar exemptions in the case of the Employment and Training Levy payable under the Youth Employment Agency Act, 1981.

*An Roinn Leasa Shóisialaigh,  
Feabhra, 1994.*

the 1993 Consolidation Act arising from the introduction of the  
months after leaving from the date of 1994.  
increases for child dependants from July 1994  
postgraduate level education.

Section 24 and 25 provide power to transfer pay  
benefits to new employers or to provide for the  
transfer of benefits to new employers or to provide  
for the transfer of benefits to new employers.  
Section 26 provides for amendments to the Health Contributions  
Act 1979 to exempt employers from liability for the Health Con-  
tributions in the case of employees who hold a medical card. This  
section also exempts from liability for the Health Contributions  
employees with earnings which do not exceed £173 a week and self-  
employed people with income which does not exceed £9,000 a year.  
Section 27 provides for similar exemptions in the case of the Employ-  
ment and Training Levy payable under the Youth Employment  
Agency Act 1981.

*Payment after Death*  
Section 28 extends to all schemes the provisions whereby payment  
of a death grant is dependent on the death of a person who was  
entitled to a grant in respect of whom an adult dependent allowance  
was payable or would have been payable or for whom a spouse  
of an Old Age (Non-Contributory) Pension, Home Pension or  
Carer's Allowance in his or her own right.

#### *Pre-Retirement Allowance*

Section 27 provides that the provisions limiting the entitlements of  
couples where one of a couple is in receipt of Pre-Retirement Allow-  
ance and the other is also in receipt of a Social Welfare payment will  
not apply in the case of people in receipt of the allowance prior to the  
extension of these provisions to Pre-Retirement Allowance on 2  
April, 1993.

#### *Social Welfare Inspectors*

Section 28 extends to contractors and sub-contractors, existing  
provisions under which employers and certain other people are  
required to produce records for inspection by social welfare inspec-  
tors. The section also enables social welfare inspectors to investigate  
claims made by people resident in the State for social security pay-  
ments from another EU Member State or countries with which Ireland  
has a reciprocal social security agreement, at the request of the other  
Member State or country.

#### *Failure to Keep Records*

Section 29 extends to contractors and sub-contractors, existing  
provisions under which employers are liable in certain circumstances  
to repay Social Welfare payments received by an employee which he  
or she was not entitled to receive.

#### *Social Assistance Schemes*

Section 30 brings the provisions for rounding of means in the  
Supplementary Welfare Allowance scheme into line with those apply-  
ing in the Unemployment Assistance scheme. It provides that means  
will be rounded to the nearest £1 and the rate of allowance payable  
to people with means will be reduced by £1 for each £1 of means.  
This section also provides for the repeal of an obsolete provision in  
the Unemployment Assistance scheme for rounding child dependant  
increases payable at half-rate.

#### *Occupational Injuries Insurance*

Section 31 provides for regulatory powers to extend entitlement to  
Occupational Injuries Benefits.

#### *Consequential Amendments*

Section 32 provides for amendments to various Acts of the Oireachtas  
which are consequential on the provisions of this Act.



