AN BILLE LEASA SHÓISIALAIGH, 2001
SOCIAL WELFARE BILL, 2001

EXPLANATORY MEMORANDUM

Introduction

The Bill provides for increases in the rates of social insurance and social assistance payments and Child Benefit; improvements in the Family Income Supplement scheme and the duration of Maternity and Adoptive Benefit by 4 weeks.

It also provides for the changes in PRSI announced in the Budget including a reduction in the rates of contributions payable by employees and the self-employed, an increase in the annual earnings ceilings for employee social insurance (PRSI) contributions and for optional contributions, and the abolition of the earnings/income ceilings for both employers' and self-employment contributions.

It further provides for amendments necessary consequent on the alignment of the income tax year with the calendar year and amendments of certain monetary amounts in the Principal Act consequent on the introduction of the Euro currency with effect from 1st January, 2002. It also caters for certain other improvements and miscellaneous amendments to the social welfare code.

The Bill contains seven Parts.

Part 1 (Sections 1, 2 and 3) contains the usual provisions for short title, construction and continuance of instruments.

Part 2 (Sections 4 to 11) provides for an increase of £10 per week for pensioners aged 66 and over and for people on Retirement or Invalidity Pension aged 65 and over. It further provides for an increase of £8 in other weekly personal rates of social insurance and social assistance payments. The personal rates of Widow(er)'s (Contributory) Pension and Deserted Wife's Benefit for those aged over 66 years are being increased by £12.90 per week as part of a phased increase in these payments to the rate of Old Age (Contributory) Pension.

A special increase of £15 per week is being provided for qualified adults aged 66 years and over where their spouse or partner is receiving an Old Age (Contributory) Pension (with pro-rata increases for those on certain reduced rates) or is aged 65 or over and receiving a Retirement or Invalidity Pension.

An increase of £9 per week is being provided for qualified adults of persons receiving Old Age (Non-Contributory) Pension, and for qualified adults aged 66 years or over, of persons receiving Blind Pension. In the case of Old Age (Contributory) and Retirement Pensioners the increase in respect of a qualified adult is £8 per week and £7 per week for all other qualified adult payments.

Provision is also made in Part 2 for an increase of £25 in the lower rate of Child Benefit, payable in respect of each of the first two children and £30 in the higher rate payable in respect of the third and each subsequent child. The weekly income thresholds used in determining entitlement to Family Income Supplement are being increased by £25.

This Part also provides for a number of changes in relation to social insurance contributions. These include the abolition of the earnings/income ceilings up to which contributions are payable by employers and the self-employed. It also provides for a reduction in the rates of employee and self-employed contributions and voluntary contributions and an increase in the employees' PRSI ceiling.

Part 3 (Sections 12 to *19)* provides for a number of improvements in social welfare schemes. These include:—

—the extension of the duration of Maternity Benefit by 4 weeks, from 14 to 18 weeks, and from 10 weeks to 14 weeks in the case of Adoptive Benefit;

—improvements in the means test for social assistance payments;

—an increase of £100 in the annual Respite Care Grant, and the payment of a double grant (£800) to carers in receipt of Carer's Benefit or Allowance looking after more than one person;

—the introduction of a new allowance of £10 per week for pensioners aged 66 years and over who are living on certain islands off the coast of Ireland;

—the removal of the limitation on income support payable to a couple on Disability Allowance;

—the extension of the £6 Living Alone Allowance to recipients of Disability Allowance, Invalidity Pension, Unemployability Supplement and Blind Pension;

—the extension of the six weeks' payment after death provisions where a spouse/partner is in receipt of Carer's Benefit, and

—the payment of Constant Attendance Allowance at the standard rate in all cases.

Part 4 (Sections 20 to *26)* contains a number of amendments to the social welfare code. These include changes in the assessment of maintenance payments for the purposes of One-Parent Family Payment and in the arrangements for payment of transitional payments under the scheme; provisions to allow the recovery from a financial institution of amounts of pension paid by way of electronic fund transfer to the recipient's account for any period after his or her death; a change in the manner in which the rate of Pre-Retirement Allowance is determined; an amendment to qualified adult and means assessment provisions to take account of situations where a qualified adult is receiving an allowance in respect of participation in certain schemes such as the Back to Work, Back to Education or Vocational Training Opportunities schemes; provision for payment of increases in respect of qualified adults on a pro-rata basis where the beneficiary is in receipt of certain reduced rates of contributory pensions.

Part 5 (Sections 27, 28 and *29)* provides for the introduction of transitional arrangements to protect the entitlements of insured persons to PRSI-based social insurance benefits arising from the alignment of the income tax year with the calendar year, with effect from 1st January, 2002.

Part 6 (Sections 30 to *35)* Under EU Regulations 974/98 IR£ amounts in law on 1 January, 2002 will be read at the exact conversion (i.e. to the nearest cent) using the fixed conversion rate of €1 = £0.787564. In the case of some monetary amounts such as social welfare payments, PRSI thresholds and ceilings, it is essential to have convenient amounts in Euro operating in law under the social welfare code from 1 January, 2002. This Part provides in all necessary cases for such convenient amounts.

Part 7 (Sections 36 and *37)* provides for the amendment of the Health Contributions Act, 1979 consequent on the alignment of the income tax year with the calendar year and for the introduction of the Euro currency with effect from January, 2002.

PART 2

Social Insurance

Section 4, together with *Schedule A* to the Bill, provides for an increase of £10 per week for pensioners aged 66 and over and for people on Retirement or Invalidity Pension aged 65 and over. A special increase of £15 per week is being provided in respect of qualified adults aged 66 years or over for Old Age (Contributory) Pensions, Retirement Pensions and Invalidity Pensions. An increase of £8 is being provided in all other weekly personal rates of social insurance payments, together with increases of £7 or £8 per week for qualified adults, where appropriate. These increases will take effect from the first week in April, 2001.

The personal rates of Disability Benefit, Unemployment Benefit, Injury Benefit and Health and Safety Benefit are being increased to £85.50 per week and the qualified adult allowance payable with these benefits is being increased to £54 per week. The maximum personal rates of Old Age (Contributory) Pension and Retirement Pension are being increased to £106 per week. The rate payable in respect of a qualified adult to a contributory pensioner is being increased by £8 per week where s/he is under age 66, bringing the weekly rate for a couple to £174.20 and by £15 per week where the qualified adult is over the age of 66 bringing the rate payable for a couple to £185.60.

The rate of Invalidity Pension is being increased to £89.10 where the pensioner is under the age of 65 and to £106 per week where the pensioner has attained that age. The weekly rate of Widow's and Widower's (Contributory) Pension is being increased to £89.10 and is further increased by £12.90 to £102 where the widow or widower has attained pensionable age. Orphan's (Contributory) Allowance is being increased to £63.60 per week.

The rates of pension and lump sum gratuities under the Occupational Injuries Benefits scheme are also being increased. The maximum weekly rate of Disablement Pension is being increased by £8 per week to £109.20. The maximum weekly rate of pension for widows and widowers under this scheme is being increased to £107.40. The following table shows the effects of the increases on the principal rates of social insurance payments:

	Present Rate £	Proposed Rate £
Disability & Unemployment Benefit:		
—Personal Rate	77.50	85.50
—Married Couple	124.50	139.50
Old Age (Contributory)/Retirement Pension:		
—Personal Rate under 80	96.00	106.00
—Personal Rate over 80	101.00	111.00
Married Couple		
—Pensioner under 80 and Qualified Adult over 66	160.60	185.60
—Pensioner over 80 and Qualified Adult over 66	165.60	190.60
Invalidity Pension:		
—Personal Rate under 65	81.10	89.10
—Married Couple	134.40	149.40
—Personal Rate 65 & over	96.00	106.00
—Married Couple	149.30	166.30
—Married Couple and 2 Children	179.70	196.70
Widow's & Widower's (Contributory) Pension		
—Personal Rate under 66	81.10	89.10
—With 2 Children	115.10	123.10
—Personal Rate over 66	89.10	102.00
—Personal Rate over 80	94.10	107.00
Orphan's (Contributory) Allowance	55.60	63.60
Carer's Benefit		
—Personal rate	88.50	96.50
—Carer of more than one person	132.80	144.80

Social Assistance

Section 5, together with *Schedule B* to the Bill, provides for an increase of £10 in the weekly personal rates of social assistance payments for those who have attained pensionable age and for an increase of £8 for those aged under 66. It further provides for an increase of £9 in the qualified adult allowance for Old Age (Non-Contributory) Pension and in the case of Blind Pension where the qualified adult is over 66 years. An increase of £7 is being made in the rate of qualified adult allowance payments with all other assistance payments. These increases apply to full rate payments, with proportionate increases for those on reduced allowances. For example, a couple in receipt of full rate Old Age (Non-Contributory) Pension will receive an overall increase of £19, while a couple on the current minimum rate will receive an overall increase of £15.

The personal rate of Carer's Allowance is being increased to £88.50 and to £132.80 where the carer is caring for more than one person. Where the carer has attained pensionable age, the rates are increased to £98.50 and £147.80 respectively. Other personal rates of long-duration assistance payments are being increased to £85.50 and the appropriate rates of qualified adult allowances are being increased to £54 per week. The personal rate of short-term Unemployment Assistance is being increased by £8 to £84 per week. The following table shows the effect of the increases on the principal rates of social assistance payments:

	Present Rate £	Proposed Rate £
Unemployment Assistance (short duration):		
—Personal Rate	76.00	84.00
—Married Couple	123.00	138.00
—Married Couple and 2 Children	149.40	164.40
Unemployment Assistance (long duration), Pre-Retirement Allowance, Disability Allowance and Farm Assist:		
—Personal Rate	77.50	85.50
—Married Couple	124.50	139.50
—Married Couple and 2 Children	150.90	165.90
Old Age (Non-Contributory) and Blind Pension:		
—Personal Rate (under 80)	85.50	95.50
—Married Couple (both over 66)	137.20	156.20
—Married Couple and 2 Children	163.60	182.60
Widow's and Widower's (Non-Contributory) Pension and Allied Payments:		
—Personal Rate (under 66)	77.50	85.50
—Personal Rate (over 66)	85.50	95.50
One-Parent Family Payment		
—including payment for 1 Child	92.70	100.70
—with 2 Children	107.90	115.90
—with 1 Child, recipient over age 66	100.70	110.70
Carer's Allowance:		
—Personal Rate (under 66)	80.50	88.50
—Carer of more than one person	120.80	132.80
—Personal Rate (over 66)	88.50	98.50
—Carer of more than one person	132.80	147.80
Orphan's (Non-Contributory) Pension:	55.60	63.60

Child Benefit

Section 6 provides for an increase of £25 per month in the lower rate of Child Benefit and £30 per month in the higher rate with effect from June, 2001, bringing the rates to £67.50 for each of the first two children and to £86 per month for the third and each subsequent child.

Family Income Supplement

Section 7 provides for an increase of £25 per week in the income thresholds under the Family Income Supplement scheme, with effect from 5 April, 2001. The new weekly thresholds range from £258 for a family with one child to £397 for a family with eight or more children.

Employment Contributions

Section 8 provides for an increase in the annual earnings ceiling up to which social insurance contributions are payable by employees from £26,500 to £28,250. It also provides for the abolition of the earnings ceiling up to which contributions are payable by employers. It further provides for a reduction in the employee PRSI (Class A) rate from 4.5% to 4%. These changes will come into operation on 6 April, 2001.

Self-Employment Contributions

Section 9 provides for a reduction in the standard rate of social insurance contribution from 5% to 3% for self-employed contributors and for a reduction from £215 to £200 in the minimum amount of contribution payable by a self-employed contributor (Class S) or an optional contributor (Class P). It also provides for the abolition of the income ceiling up to which social insurance contributions are payable by the self-employed, and for the abolition of the allowance of £1,040 in excess of which the contributions are payable. These changes will come into effect from 6 April, 2001.

Optional Contributions

Section 10 provides for an increase in the earnings ceiling up to which social insurance contributions are payable by optional contributors, from £26,500 to £28,250, in line with the increase in the employees' earnings ceiling.

Voluntary Contributions

Section 11 provides for a reduction in the minimum rates of social insurance contributions for voluntary contributors. The revised rates are £250 for former Class A, H and E contributors, £100 for former contributors insured at a modified rate and £150 for former contributors compulsorily insured since 1974 at a modified rate, and a reduction from £215 to £200 in the amount of voluntary contribution payable by a former self-employed contributor.

PART 3

Maternity and Adoptive Benefit

Section 12 extends the duration of payment for Maternity Benefit, from 14 to 18 weeks and, in the case of Adoptive Benefit, from 10 to 14 weeks. These changes will come into effect in respect of persons whose entitlement to maternity or adoptive leave commences on or after a date to be prescribed.

Means Assessments

Section 13 provides for improvements in the assessment of means for the purposes of social assistance payments. The Third Schedule to the Social Welfare (Consolidation) Act, 1993, which deals with the assessment of means, is amended to provide that the following items will be disregarded in the assessment of means:

(i) travel and meal expenses (up to a limit to be prescribed) incurred in attending approved training or education schemes; (applies to Unemployment Assistance and One-Parent Family Payment);

(ii) payments received in respect of the boarding out of up to two adults by a health board;

(iii) in the case of certain schemes, maintenance grants received under—

the Maintenance Grants Scheme for students attending Post-Leaving Certificate Courses,

the Vocational Education Committees Scholarship Scheme, and

the Third-Level Maintenance Grants Scheme for trainees.

Provision is also made for the extension of the Sale of Residence provisions to recipients of Disability Allowance and Blind Pension.

Subsection (1) includes the necessary changes to Part I of the Third Schedule to the Social Welfare (Consolidation) Act which deals with the assessment of means for Unemployment Assistance, Pre-Retirement Allowance and Disability Allowance.

Subsection (2) outlines the necessary changes to Part II of the Third Schedule which deals with the assessment of means for Old Age (Non-Contributory) Pension, Blind Pension, Widow's/ Widower's (Non-Contributory) Pension, One-Parent Family Payment and Carer's Allowance.

Subsection (3) provides for the necessary amendments to Part III of the Third Schedule which deals with Supplementary Welfare Allowance.

Subsection (4) outlines the necessary changes to Part IV of the Third Schedule which deals with Farm Assist.

Respite Care Grant

Section 14 provides for increases, as announced in the Budget, in the annual Respite Care Grant which is payable to recipients of Carer's Benefit, Carer's Allowance, Prescribed Relative Allowance and to people providing full-time care and attention to recipients of Constant Attendance Allowance.

The new arrangements provide for an increase from £300 to £800 in the Respite Care Grant payable to a carer who is caring for more than one relevant person. In all other cases, the grant will be increased from £300 to £400. These changes take effect from June, 2001.

Island Allowance

Section 15 provides for payment of a new allowance, as announced in the Budget, for recipients of certain social welfare payments who are aged 66 or over and ordinarily resident on an island, to be specified, off the coast of Ireland. The allowance will be paid at a rate of £10 per week in addition to the normal weekly payment, and will be effective from the first week in April 2001.

Disability Allowance — removal of limitation

Section 16 provides for the removal of provisions which have the effect of limiting the amount payable to a household where one of a couple is claiming Disability Allowance and the other is claiming one of a number of specified social welfare payments. At present, the overall amount paid where both of a married couple claim certain social welfare payments may not exceed the personal rate plus the increase for a qualified adult. This section removes the restriction in respect of Disability Allowance with effect from 4 April, 2001.

Living Alone Allowance

A Living Alone Allowance is paid to recipients of certain social welfare payments who have attained the age of 66 years and who are living alone, for example, Old Age and Invalidity Pensions. *Section 17* provides for the extension of the allowance, irrespective of age, to recipients of Invalidity Pension, Blind Pension, Disability Allowance or Unemployability Supplement provided that s/he lives alone.

Carer's Benefit — Payments After Death

Social Welfare legislation currently provides that where a person who is in receipt of one of a number of specified social welfare payments dies and his/her spouse was a qualified adult, the payment continues for six weeks after the death. Payment also continues in cases where a qualified adult allowance was not payable because of receipt by the spouse of the deceased of Old Age (Non-Contributory) Pension, Blind Pension or Carer's Allowance in his/her own right. *Section 18* extends the latter arrangement to include recipients of Carer's Benefit.

Constant Attendance Allowance

Section 19 provides for improvements in the Constant Attendance Allowance payable under the Occupational Injuries Benefit scheme. An increase in Disablement Pension is currently payable to persons who are so seriously disabled as to require constant assistance to attend to their personal needs for a period of at least 6 months.

Currently, where the degree of disablement is assessed at 100%, four different rates of payment apply. Pro-rata rates are payable where the degree of disablement is assessed at between 50% and 90%. This section provides that where the degree of disablement is assessed at 50% or more, the allowance in respect of constant attendance will be paid at the standard rate in all cases.

PART 4

One-Parent Family Payment — Transitional Arrangements and Maintenance Payments

Section 20 provides for a change in the assessment of maintenance payments under the One-Parent Family Payment scheme. A disregard of up to £75 per week in respect of housing costs is currently applied to maintenance payments received by the lone parent, and the balance is assessed as means. This section improves the position by providing that the balance of any maintenance payments over and above that allowed for housing costs will be assessed at 50%.

At present, the One-Parent Family Payment ceases to be payable where the qualified parent's income exceeds £230.76 per week. Regulations provide for the continuation of the payment at a reduced rate (i.e. 50% of the rate previously applicable and for a maximum duration of 52 weeks). *Section 20* also provides that the regulatory powers may only be exercised where a qualified parent has been in receipt of One-Parent Family Payment for 52 weeks. It also includes a saver clause to ensure that a person in receipt of a half-rate One-Parent Family Payment at the commencement of the section will continue to receive the payment for the duration of his or her entitlement.

Recovery of Payments from Financial Institutions

Section 21 is designed to give the Minister power to recover from a financial institution amounts of social welfare pension paid by way of electronic fund transfer (EFT) to the recipient's account for any period after his or her death. This method of payment involves payment of a person's weekly pension directly into his or her bank/building society account. On the death of the beneficiary these payments cease. However, in many cases the Department and the financial institution may not become aware of the pensioner's death for some time and payments would have continued to be credited to his or her account after the date of death. Such moneys are already recoverable under Social Welfare legislation and this provision allows the Minister to recoup such amounts directly from the recipient's account in the financial institution involved.

Pre-Retirement Allowance

Section 22 provides for changes in the calculation of reduced rates of payment of Pre-Retirement Allowance. Until recently, this allowance was paid to recipients by means of a voucher or personalised payable order in the same way as pensions. As in the case of non-contributory pensions, rates of Pre-Retirement Allowance are reduced on the basis of £2 withdrawal for every £2 means.

However, as this allowance is now administered with the Unemployment Assistance and Farm Assist schemes, it is proposed to calculate the rate of payment on the same basis as those schemes (i.e. £1 withdrawal for every £1 means).

The section further provides that persons currently in receipt of reduced rates of Pre-Retirement Allowance will not be adversely affected by the change.

Qualified Adult — Amendment

Social Welfare legislation prohibits the payment of an increase in respect of a qualified adult who is participating in a non-craft full-time FÁS course. *Section 23* makes similar provision where the spouse/partner of a claimant is participating in certain schemes (i.e. Vocational Training Opportunities Scheme, Back to Education Allowance, Back to Work Allowance, Back to Work Enterprise Allowance, Part-time Job Incentive) and the allowance payable is related to the rate of Unemployment Assistance or Unemployment Benefit.

Until recently, it was unnecessary to specifically preclude payment of a qualified adult allowance in these cases as the income received by the qualified adult under these schemes normally exceeded the income limit for qualification as a qualified adult. However, over the last couple of years, these income limits have increased significantly so that, in theory, such persons could now qualify for a reduced rate of payment. This is an unintended consequence of the increase in these income levels. It is necessary therefore to preclude payment of the allowance in these cases.

In addition, income received by a claimant's spouse or partner from participation in any of the above schemes is disregarded in the assessment of means for Unemployment Assistance, Pre-Retirement Allowance, Carer's Allowance or Disability Allowance. This section reflects these arrangements in the Third Schedule to the Principal Act. This means that persons participating in these schemes will be treated in the same way as other social welfare recipients.

Prosecution Provisions

Section 24 contains a technical amendment to Section 224 of the Principal Act. At present, where the Collector General initiates a prosecution for offences under the income tax and social welfare codes, a certificate stating that a debt is due and owing which is offered in evidence is required to be signed by the Collector General. This section provides that such a certificate may be signed by an officer of the Revenue Commissioners. This is to reflect similar changes to the Revenue code.

Carer's Benefit — Leave from employment

Section 25 provides for an amendment to the qualifying conditions for entitlement to Carer's Benefit. These conditions require that a person must have been engaged in remunerative employment for at least 38 hours a fortnight in the three-month period immediately prior to the claim for Carer's Benefit. This condition can cause difficulties for persons who have been absent from their employment for any extended period during this time, for example, while on maternity or parental leave. It is proposed to make regulations to prescribe that in such cases an alternative three-month period may be used to establish whether the person was engaged in full-time remunerative employment.

Qualified Adult Allowance — reduced rate pensions

Under current legislation, where a claimant qualifies for a reduced rate of Old Age (Contributory) Pension because his or her yearly average is less than 48 contributions, any increase in respect of a qualified adult is payable at full-rate. In some cases this has created an anomaly where the rate of increase in respect of a qualified adult is higher than the personal rate of pension.

Section 26 addresses this anomaly by providing that where a reduced personal rate of pension is payable the qualified adult allowance will be proportionately reduced. It also provides that for existing cases, the qualified adult allowance will not be reduced below an amount to be specified in regulations. It is proposed that this amount will be the rate currently paid, increased by £8.

PART 5

Alignment of Income Tax and Calendar Years

Transitional Arrangements

Entitlement to many benefits is determined by reference to the number of PRSI contributions paid or credited by the insured person in a specified contribution year. A contribution year is the same as the income tax year (i.e. commencing on 6 April and ending on 5 April the following year). It is proposed that, with effect from 1 January 2002, the income tax year will be aligned with the calendar year and will run from 1 January to 31 December. A consequence of this is that the period between April and December 2001 will be a nine month tax and contribution year. In that period the maximum number of contribution weeks for which contributions may be paid will be 38 as compared with 52 in a normal contribution year. Transitional arrangements will, therefore, be required to ensure the preservation of rights where this particular contribution year is used to determine entitlement to any benefit.

Section 27 provides for such transitional arrangements and, in particular, provides that the Minister may award 14 additional contributions to persons who have paid or credited contributions in this period.

Section 28 provides for further transitional arrangements to apply in the nine month tax and contribution year from 6 April to 31 December, 2001. *Subsection (1)* sets the minimum contribution amounts payable by self-employed contributors and certain voluntary contributors and the exemption threshold for optional contributors to 74% of the normal annual amounts.

The alignment of the income tax and calendar years will also have implications in relation to the appropriate contribution year used for determining entitlement to short-term benefits such as Disability Benefit and Unemployment Benefit. Under current legislation entitlement to benefit is determined by reference to the last complete contribution year before the year in which the claim is normally made. Accordingly, a claim to benefit in the year 2002 would normally be determined by reference to the contribution year 6 April, 2000 to 5 April, 2001. However, in the context of the alignment of the income tax and calendar years, the last complete contribution year before 2002 will be the nine month tax year from 6 April, 2001 to 31 December, 2001.

To ensure continuity with the present arrangements, *subsections (2)* and *(3)* provide that for the purposes of determining entitlement to benefit in the benefit year 2002, the second last contribution year will be used.

Section 29 provides for the implementation of this Part by commencement order.

PART 6

Introduction of the Euro

Section 30, together with *Schedule C* to the Bill, provides for convenient amounts in euros in respect of the new rates of long-term social insurance benefits announced in the Budget. These rates of payment will be effective from the first week in January, 2002.

Section 31, together with *Schedule D* to the Bill, provides for convenient amounts in euros in respect of the new rates of long-term social assistance payments as announced in the Budget. The new rates of payment will be effective from the first week in January, 2002.

Section 32 provides for new monthly rates of Child Benefit in euros as a result of the conversion to the new euro currency. These new euro rates of payment will be effective from the 1st January, 2002.

Section 33 provides for the new weekly net income thresholds in euros for the purposes of Family Income Supplement, following the conversion to the new euro currency from January, 2002.

Section 34 provides for the amendment of the income ceilings for payment of employment, self-employment, optional and voluntary contributions consequent on the conversion to the new euro currency, with effect from 1st January, 2002 and the alignment of the income tax year with the calendar year from the same date.

Further Amendments

Section 35 provides for the conversion of certain monetary amounts in the Principal Act to convenient euro amounts with effect from January, 2002.

Subsection (1) deals with withdrawal rates for means-tested schemes. For most long-term assistance schemes, means are banded into £2 bands and payment is withdrawn at the rate of £2 for each £2 of means. This £2 means band will convert to €2.50. As this is not an exact conversion, discrepancies will arise at the margins of each band where, in theory, a pensioner could be transferred from one band to another. *Subsection (2)* includes a saver clause to maintain any such persons at the pre-euro band.

In the case of some payments such as Old Age (Non-Contributory) Pension and One-Parent Family Payment, the first £6 of means are disregarded in calculating the rate of payment. This amount will convert to €7.60.

In the case of other schemes (e.g. Unemployment Assistance, Farm Assist) payments are rounded up or down to the nearest £1 and are withdrawn on a £1 for £1 basis. *Subsection (3)* provides that these amounts will convert to €1. As the means of all existing claimants have already been rounded, *subsection (4)* provides that the current rounded means amounts will be used in the case of existing claimants and, on conversion, these will be further rounded down to the nearest euro. The effect of this double rounding for existing claimants is that no claimant will receive a lower rate than previously paid and in some cases there will be a small gain.

Subsection (5) provides that the ''saver'' provisions in *subsections (2)* and *(4)* will cease to apply in the context of a change in a person's means.

Subsection (6) deals with any other monetary amounts contained in the Principal Act where it is necessary to convert to convenient euro amounts rather than rely on the exact conversion.

PART 7

Amendment of Health Contributions Act, 1979

Section 36 provides for the amendment of the Health Contributions Act, 1979, consequent on the alignment of the income tax year with the calendar year.

Section 37 provides for the amendment of that Act, consequent on the introduction of the new euro currency.

An Roinn Gnóthaí Sóisialacha, Pobail agus Teaghlaigh,
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