



**AN BILLE LEASA SHÓISIALAIGH 2006
SOCIAL WELFARE BILL 2006**

EXPLANATORY MEMORANDUM

Introduction

The Bill provides for increases in the rates of social insurance and social assistance payments and improvements in Family Income Supplement, Maternity and Adoptive Benefit, Death Benefit Funeral Expenses Grant, Bereavement Grant, Widowed Parent Grant, State Pension (Non-Contributory) and Disability Allowance schemes.

It also provides for an increase in the weekly earnings limit below which PRSI is not payable, an increase in the income ceiling above which PRSI contributions are not payable by employed or optional contributors, as announced in the Budget, in addition to changes to the Health Contributions Act 1979 to provide for an increase in the amount of contributions payable for earnings over a certain threshold. It also provides for an increase in the weekly and annual exemption thresholds for the Health Contribution Levy.

Main Provisions

The Bill contains 14 sections.

Section 1 contains definitions of certain terms as they apply in the Bill.

Increases in Payments

Sections 2 and *3* provide for increases in the rates of social welfare payments, including an increase of €16 per week for persons in receipt of State Pension (Contributory) and for recipients of Widow's or Widower's (Contributory) Pension and Deserted Wife's Benefit who are over age 66, and for recipients of State Pension (Transition) or Invalidity Pension aged 65 and over, bringing the weekly payment to €209.30. Provision is also made for an increase of €18 in the weekly personal rate of State Pension (Non-Contributory).

Provision is made for an increase of €18 per week for persons in receipt of Carer's Allowance who are over age 66. An increase of €20.00 is provided for recipients of Carer's Allowance who are under age 66 and of €19.10 for recipients of Death Benefit Pension under age 66. An increase of €20.00 per week is provided for in all other social insurance and social assistance payments where the recipient is under age 66 and for recipients of Invalidity Pension under age 65.

An increase of €23.70 per week is being provided in respect of qualified adults of recipients of Invalidity Pension, where the qualified adult is aged 66 years or over. An increase of €23.70 per week is also being provided for qualified adults aged 66 years and over where their spouse or partner is receiving a State Pension (Contributory) or is receiving a State Pension (Transition) (with pro-rata increases for those on certain reduced rates).

In the case of State Pension (Contributory) and State Pension (Transition) recipients, the increase is €10.70 where the qualified adult is under age 66. In the case of Invalidity Pension, the increase is €14.30 where the qualified adult is under age 66 and in the case of State Pension (Non-Contributory), the increase is €11.90 where the qualified adult is under age 66.

An increase of €13.30 per week is provided for all other qualified adult payments.

The rate payable in respect of a Qualified Child is being standardised and increased to €22 for all schemes. Currently the majority of payments in respect of a Qualified Child are paid at a rate of €16.80.

These increases will take effect from the first week in January, 2007.

In addition, the Death Benefit Grant in respect of funeral expenses and Bereavement Grant are both being increased, from €635 to €850, with effect from 6 December, 2006.

Family Income Supplement

Section 4 provides for increases in the weekly income thresholds used to determine entitlement to Family Income Supplement. The new thresholds range from €480 in the case of a family with one child to €1,090 in the case of a family with eight or more children. This measure will take effect from 4 January, 2007.

PRSI Changes

Section 5 provides for an increase from €46,600 to €48,800 in the annual earnings ceiling up to which social insurance contributions are payable by employees. The Section further provides for an increase in the amount of weekly earnings below which PRSI is not payable, from €300 to €339. These provisions come into effect on 1 January, 2007.

Section 6 provides for an increase in the earnings ceiling up to which social insurance contributions are payable by Optional Contributors, from €46,600 to €48,800, with effect from 1 January, 2007.

Maternity Benefit

Section 7 provides for the necessary amendments to Maternity Benefit consequential on the extension of paid and unpaid Maternity Leave by 4 weeks each, due to take effect from 1 March 2007.

Adoptive Benefit

Section 8 provides for the necessary amendments to Adoptive Benefit consequential on the extension of paid Adoptive Leave by 4 weeks, due to take effect from 1 March 2007.

Widowed Parent Grant

Section 9 provides for an increase in the Widowed Parent Grant, from €2,700 to €4,000. This increase is effective from 6 December, 2006.

State Pension (Non-Contributory)

Section 10 provides for an increase in the weekly means disregard, from €20 to €30, used in the calculation of the rate of State Pension (Non-Contributory). This increase is effective from 5 January, 2007.

Disability Allowance

Section 11 removes the restriction on the payment of Disability Allowance to certain persons resident in medical institutions and, consequently, the allowance may now be payable, subject to the usual scheme conditions. Furthermore, as a result of this amendment, the “Disability Allowance Personal Expenses Rate” is no longer required and is also being deleted. These changes come into operation on 3 January, 2007.

Excepted self-employed contributors

Section 12 provides for the extension of self-employed social insurance cover to recipients of Jobseeker’s Allowance or Farm Assist.

Amendments to Health Contributions Act 1979

Section 13 provides for an increase in the rate, from 2% to 2.5%, of Health Contributions payable on income in excess of €100,100 in a contribution year. It also provides for an increase in the Health Levy exemption thresholds from €440 per week to €480 per week and from €22,880 per annum to €24,960 per annum. This measure will take effect from 1 January 2007.

Section 14 contains the usual provisions for the short title and construction of the Bill.

Increases in weekly payments — Social Insurance

The personal rates of Illness Benefit, Jobseeker’s Benefit, Injury Benefit and Health and Safety Benefit are being increased to €185.80 per week and the Qualified Adult Allowance payable with these benefits is being increased to €123.30 per week.

The personal rates of State Pension (Contributory) and State Pension (Transition) are being increased to €209.30 per week. The rate payable to a contributory pensioner in respect of a qualified adult is being increased to €139.50 per week where he or she is under age 66, and to €173.00 where he or she is over age 66 bringing the weekly rate for a couple to €348.80 where the qualified adult is under the age of 66 and €382.30 where the qualified adult is aged 66 or over.

The rate of Invalidity Pension is being increased to €191.30 where the pensioner is under the age of 65 and to €209.30 per week where the pensioner is aged 65 or over. The weekly rate of Widow’s and Widower’s (Contributory) Pension is being increased to €191.30 and is further increased to €209.30 where the widow or widower has attained pensionable age. Guardian’s Payment (Contributory) is being increased to €158.00 per week.

The maximum weekly rate of Disablement Pension is being increased by €20 per week to €216.90. The maximum weekly rate of

pension under the Occupational Injuries Benefits scheme for widows and widowers is being increased to €213.70. The following table shows the effects of the increases on the principal rates of social insurance payments:

INCREASES IN WEEKLY PAYMENTS

Social Insurance	Present Rate €	Proposed Rate €
Illness and Jobseeker's Benefit:		
— Personal Rate	165.80	185.80
— Couple	275.80	309.10
State Pension (Contributory) and State Pension (Transition):		
— Personal Rate under 80	193.30	209.30
— Personal Rate over 80	203.30	219.30
Couple		
— Pensioner under 80 and Qualified Adult over 66	342.60	382.30
— Pensioner over 80 and Qualified Adult over 66	352.60	392.30
Invalidity Pension:		
— Personal Rate under 65	171.30	191.30
— Couple (partner o/66 years)	293.50	364.30
— Personal Rate 65 and over	193.30	209.30
— Couple (partner o/66 years)	342.60	382.30
Widow's and Widower's (Contributory) Pension:		
— Personal Rate under 66	171.30	191.30
— With 2 Children	214.50	235.30
— Personal Rate over 66	193.30	209.30
— Personal Rate over 80	203.30	219.30
Guardian's Payment (Contributory):		
	138.00	158.00
Carer's Benefit:		
— Personal Rate	180.70	200.70
— Carer of more than one person	271.10	301.10

Increases in weekly payments — Social Assistance

The personal rates of Jobseeker's Allowance, Pre-Retirement Allowance, Farm Assist and Disability Allowance are being increased to €185.80 and, where appropriate, the rate of Qualified Adult Allowance is being increased to €123.30 per week.

The personal rate for State Pension (Non-Contributory) recipients is being increased to €200.00. The rate for Widow's and Widower's (Non-Contributory) Pensions is being increased to €185.80.

The personal rate of Carer's Allowance is being increased to €200.00. Where the carer is caring for more than one person the personal rate is being increased to €300.00. Where the carer has attained pensionable age, the rates are being increased to €218.00 and €327.00 respectively.

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

INCREASES IN WEEKLY PAYMENTS

Social Assistance	Present Rate €	Proposed Rate €
Jobseeker's Allowance, Pre-Retirement Allowance and Disability Allowance:		
— Personal Rate	165.80	185.80
— Couple	275.80	309.10
— Couple and 2 Children	309.40	353.10
State Pension (Non-Contributory)		
— Personal Rate under 80	182.00	200.00
— Couple (partner under 66 years)	302.30	332.20
— Couple and 2 Children	335.90	376.20
Widow' and Widower's (Non-Contributory) Pension:		
— Personal Rate	165.80	185.80
One-Parent Family Payment:		
— Including payment for 1 child	185.10	207.80
— With 2 Children	204.40	229.80
Carer's Allowance:		
— Personal rate (under 66)	180.00	200.00
— Carer of more than one person	270.00	300.00
— Personal rate (over 66)	200.00	218.00
— Carer of more than one person	300.00	327.00
Guardian's Payment (Non-Contributory):	138.00	158.00

*An Roinn Gnóthaí Sóisialacha agus Teaghlaigh,
Nollaig, 2006.*