



**AN BILLE LEASA SHÓISIALAIGH (ILPHARDÚN), 2012
SOCIAL WELFARE (AMNESTY) BILL 2012**

EXPLANATORY MEMORANDUM

Fraud, error and control savings

The level of fraud and error in the Irish social welfare system is estimated to account for an average of 3.4% of total expenditure. This figure is broadly in line with international comparisons. Of this fraud accounts for a shrinking minority of less than one third. The remaining two thirds of overpayments are accounted for by customer and departmental error.

The Department undertakes control activity in the form of case reviews on an ongoing basis. In 2011 983,000 cases were reviewed giving rise to an estimated control saving of €645 million.

Control savings are an estimate of the savings from control activities across schemes in payment. It is an estimate of what the Department's overspend would be over time if the overpayments identified by the control activity had not been identified and rectified.

Control savings as a proportion of spending and relative to the number of social welfare customers have tended to remain relatively constant year to year.

One-off social welfare amnesty

The social welfare amnesty would offer social welfare recipients the opportunity to report irregularities in the payments made to them. The Department would then correct the payments. Those that avail of the amnesty would not be penalised nor would repayments of past overpayments be sought.

The objective of the social welfare amnesty is to offer the many social welfare recipients who suspect they are receiving an overpayment, whether as a consequence of their own or the Department's error, to come forward and have the situation rectified. And to enable them to do so without fear that they will be forced to pay back what may be an unaffordable sum.

The amnesty is to be broad in its application, only overpayments arising from violence, threats or identity fraud are excluded. It would be a one-off amnesty, lasting one month and would be succeeded by a two month intensification of the existing anti-fraud and control activities by the Department. This is to promote the highest possible take-up of the opportunity which both increases the control saving

arising from it and enhances the integrity of the system into the future.

The amnesty is to be held in the first quarter of the year, ideally February, to maximise the benefit of the control saving to the Department's budget for the remainder of the year.

If the amnesty is widely availed of this will also free-up the Department's Inspectors to focus on other priorities.

We estimate that the amnesty would give rise to a one-off control saving hike of €55 million.

This figure is based on an estimate of 10,000 people (less than 1% of total social welfare recipients) coming forward to avail of the amnesty 7,500 of whom would be in receipt of an over-payment giving rise to an average control saving of €7,290 per case.

*An Teachta Aengus Ó Snodaigh,
Deireadh Fómhair, 2012.*