



An Roinn
Gnóthaí Fostaíochta agus Coimirce Sóisialaí
Department of
Employment Affairs and Social Protection

**Opening Statement
by the
Minister for Employment Affairs and Social Protection**

Regina Doherty, T.D

**at the Joint Committee
on Employment Affairs and Social Protection**

CHECK AGAINST DELIVERY

Thursday 28th September 2017

Introduction

Chairman and members, first of all, thank you for the invitation to meet with you and I look forward to working constructively with the Committee in the months and years ahead.

As you have requested, I will outline my priorities in the Department of Employment Affairs and Social Protection, including those arising from the expansion of the Department's remit to include Employment Affairs. I will also, as is normal at this time of year, outline how the Department is performing against its 2017 budget allocation.

I am also keen to listen to your views on what you see as the key issues for employment affairs and social protection in the years ahead.

Overview

I think it would be useful, in the first instance, to outline the scope and scale of the Department's expenditure and its importance for millions of citizens in our country.

An allocation of €19.85 billion was provided for the Department this year. This represents 37% of gross current Government expenditure. Expenditure to the end of August was just over €13 billion and is very close to target for the year to date.

Each week, about 1.35 million people, pensioners, people with disabilities, people on maternity or sick leave, carers, and jobseekers receive a payment from my Department.

In addition, over 626,000 families receive Child Benefit each month for almost 1.2 million children.

What is significant about these figures is not just their scale but what they represent - a social contract where the State, on behalf of all citizens, provides support to those of our citizens who, for whatever reason, need help at certain points in their lives.

Expenditure Levels by programme

As you are no doubt aware, there can be a misconception that most welfare payments go to the unemployed. This is not the case.

- The biggest single block of expenditure in 2017 will be on **Pensions**, which will amount to almost €7.3 billion, or 37% of overall expenditure;
- **Expenditure on Working Age schemes** comprises two programmes - Income Supports and Employment Supports - which combined account for about €4.6 billion or 23% of total expenditure
 - **Income supports** – including Jobseekers, One Parent Family Payment, Maternity and Paternity – accounts for almost €3.7 billion or 18% of overall expenditure;
 - **Expenditure on Employment Supports**, including Community Employment, Back to Education/Enterprise and various employment programmes, amounts to just under a €1 billion or 5% of my Department's expenditure;
- The next biggest expenditure sub-head is **Illness, Disability and Carers** which will amount to over €3.8 billion or 19% of expenditure in 2017;

- **Expenditure on Children and Families** will account for nearly 13% of expenditure or €2.6 billion, of which €423 million will be spent on the Family Income Supplement paid to low income working families;
- **Expenditure on Supplementary Payments like rent supplement, Agencies such as the CIB and MABS and Miscellaneous Services** accounts for €863 million or 4% of expenditure.

Live Register

Nearly all of the expenditure incurred by the Department is demand led. This demand is driven by demographic trends, including ageing in the population, and economic factors such as developments in the labour market.

As we all know, Ireland has experienced a recovery in employment that has been much more rapid than even the most optimistic analysts projected. There are more than 2 million people in employment with over 48,000 net new jobs added in the year to the end of Quarter 2.

As a result of this growth in employment, CSO data show that the unemployment rate estimate stands at 6.1% for August, almost 9 percentage points lower than its peak level of just over 15%.

Long term unemployment stands at 3.1%, which represents a reduction of 27,000 people over the year. Youth unemployment has fallen to 16.5%, down from a peak level of over 30%.

These trends in unemployment have fed into the Live Register which now stands at just over 248,000. There are now over 42,000 fewer people on the Live Register than the same time last year and 84,000 fewer people than this time two years ago.

The ongoing fall in the Live Register is freeing up resources we need to meet rising demand in other areas. For example: for pensions, people with disabilities and carers. We estimate that we will need another €180 million in 2018 for increasing numbers of pensioners as the population ages.

The question I and my Government colleagues are now considering is how we build a sustainable Budget over the coming weeks that will benefit all our people, young and old, rural and urban, and to do so in a way that does not spread resources too thinly to make a difference.

2017 Expenditure

There are a number of developments in 2017 that I'd like to touch on.

Back to School Clothing and Footwear Allowance

The Back to School Clothing and Footwear Allowance was increased by 25%, from €100 to €125 for children aged 4 to 11 and from €200 to €250 for children aged 12 years and over, this July. This brings the total allocation for the Allowance this year to €47.4 million, an increase of €10 million on what was originally proposed for 2017.

The total number of families who have been supported under the scheme this year to date is 139,170. However, the scheme remains open until the 30th of September and the Department is continuing to process applications.

Direct Provision Allowance

A Government decision made in June 2017 increased the weekly rate of Direct Provision Allowance for children from €15.60 to €21.60, an increase of €6 per week, while the weekly rate for adults increased from €19.10 to €21.60, an increase of €2.50 per week. The increases took effect in August 2017.

Christmas Bonus

As was the case in the past three years, when a bonus was paid, there is currently no provision for a Christmas bonus in the Department's allocation for 2017.

In the past three years, the Government was ultimately in a position to pay the bonus given the continuing improvement in the State's financial position. I will continue to monitor the financial position and consult with my colleagues and I am hopeful that we will be in a position to pay a Christmas bonus again this year.

Employment Affairs remit

The Taoiseach announced in a statement to the Dáil on the 15th of June that labour affairs and labour law responsibilities would transfer from the Department of Business, Enterprise and Innovation to the Department of Social Protection.

At a national level, the following employment policy and legislative functions have transferred to my Department:

- i. Employment Rights Policy and Legislation;
- ii. The Low Pay Commission;
- iii. Legislation in relation to the national minimum wage and related areas.

At EU/International level, the following employment policy functions are now the responsibility of my Department:

- i. Lead role and co-ordination of the Employment, Social Policy, Health and Consumer Affairs Council (more commonly known as EPSCO).
- ii. the Employment Committee (also known as EMCO) and the EU Semester process.
- iii. the response and input on the EU Pillar of Social Rights.
- iv. engagement with Eurofound, the European Foundation for the Improvement of Living and Working Conditions.
- v. the Council of Europe and co-ordination of responses on the Social Charter.

The details of the employment legislation that transferred to my Department following the Government decision are set out in the Labour Affairs and Labour Law (Transfer of Departmental Administration and Ministerial Functions) Order 2017, S.I. 361 of 2017. The transfer of functions involved 11 pieces of primary legislation in the area of labour affairs and labour law.

The Department's name has changed to the Department of Employment Affairs and Social Protection to reflect these new responsibilities.

The transfer of these functions into the Department reflects the close linkages between the welfare and activation remit already in the Department and the operation of the labour market. As members of the Committee will be aware, the conditions for receipt of in-work income supports, unemployment benefits, illness and disability payments and, indeed, pension and child support payments both reflect and influence how the labour market operates. Bringing responsibility for employment affairs and social protection together under one Minister recognises this reality and will help to ensure, for example, that developments in respect of minimum rates of pay, working hours and illness absences within the workplace will be coordinated with the relevant state welfare supports. This will be a new challenge for the Department and it is one that I look forward to leading in the months ahead. I am pleased to say that thirteen staff from the former Department of Jobs, Enterprise and Innovation joined us this week, and I wish to warmly welcome them to the Department.

In the immediate term, my priority is to publish the Employment (Miscellaneous Provisions) Bill which is currently being drafted. The Committee is aware that the Bill is in response to a commitment in the Programme for Government to tackle the problems caused by the increased casualisation of work and, in particular, to strengthen the regulation pertaining to precarious employment. The proposals contained in the Bill are the result of extensive consultations. They include public consultation following the University of Limerick study of zero-hour and low-hour contracts, in addition to detailed dialogue with ICTU and IBEC for several months. I myself have met with both IBEC and ICTU in recent weeks to hear first-hand their concerns and their ideas. The Bill aims to address a number of issues that have been identified where current employment rights legislation can and must be strengthened to the benefit of employees, particularly low paid and more vulnerable employees, without imposing unnecessarily onerous burdens on employers and businesses.

Programme for Government

Looking ahead to the Budget in October, the Programme for Government contained a number of commitments on employment affairs and social protection. These included increasing payments such as pensions, carers and disability payments in line with inflation; we have already met this commitment through the increases granted in the 2017 Budget but will review what more can be done in the context of the 2018 Budget parameters. Any changes in this regard will also have to take account of other priorities including improving payments to working families on low incomes and tackling child poverty, particularly in single parent households.

In finalising proposals, I will also take due account of the output from the Department's annual Pre-Budget Forum, held on July 21st last. This forum enabled me to listen to the concerns and views of 45 NGOs, including advocacy and representative organisations.

This was extremely useful and gave my officials and me a great insight into the competing priorities for welfare spend and employment affairs.

Conclusion

Although the fiscal space available for Budget 2018 is yet to be finalised, the Summer Economic Statement indicated that there is likely to be less than €500 million of fiscal space available for new expenditure initiatives across all Departments in Budget 2018. In this context, it is worth noting that a €5 increase in all weekly rates of payment would cost €350 million in 2018, which would absorb most of the fiscal space available for expenditure across all Government Departments.

In this context I would really welcome input from you all as to what you think should be the main two or three priorities for me in Budget talks, and in Social Protection and Employment Affairs in general. I look forward to hearing your suggestions.

Thank you.

ENDS