



**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

**in relation to the 2018 Revised Estimates Volume
(Vote 37 and Social Insurance Fund)**

CHECK AGAINST DELIVERY

Tuesday 25th September 2018

Introduction

Chairman and members, first of all, thank you for the invitation to meet with you today. I look forward to a constructive engagement on matters relating to the work of my Department.

It is normal, at this time of the year, to outline how the Department is performing against its Budget allocation. I will provide you with some detail on that, particularly focusing on the mid-year position. My Department has provided you with a briefing document on this.

I know that you also want to have some discussion on other matters, given that it is only two weeks to Budget Day. In particular, the Committee has signalled that it would like to engage in a pre-Budget discussion, including consideration of proposals relevant to the Committee's report on lone parents last year. Of course, I am happy to do that and will come to those issues later.

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

Overview

As you know, the Department's Budget represents approximately 36% of gross current Government expenditure. I think it is useful, in the first instance, to remind ourselves about the scope and scale of the Department's expenditure and its importance for millions of citizens in our country.

An allocation of just over €20 billion was provided for the Department this year. Expenditure to the end of June was €10 billion and is very close to target for the year to date.

Each week, about 1.3 million people – pensioners, people with disabilities, people on maternity or sick leave, carers, and jobseekers – receive a payment from my Department.

In addition, over 625,000 families receive Child Benefit each month for almost 1.2 million children.

The payments and services provided by my Department are targeted at those most in need and provide significant support to individuals and families who are facing particular challenges in life, be that unemployment, caring for a sick child, reaching old age, coping with an illness or disability that impedes their ability to work, or meeting the costs of heating a home. These are daily challenges facing many of our citizens and the development and maintenance of a strong social protection system is good for all of society.

Expenditure Levels by programme

Thankfully, the last few years have seen significant decreases in the Live Register and this trend has continued throughout 2018. People are finding employment in high numbers and that is one of the good news stories of recent times. However, our social protection system is not only there to support people who are unemployed.

Our largest block of expenditure in 2018 is on **Pensions**, which will amount to almost €7.6 billion, or 38% of overall expenditure. This is increasing year-on-year as our population becomes older and we seek to ensure that people are provided with adequate incomes as they reach old age.

I was happy to announce earlier this year that the Government decided that pensioners affected by the 2012 changes in rate bands could have their pension entitlement recalculated on the basis of a total contributions approach, including provision for up to 20 years of a new HomeCaring credit. This approach will make it easier for many post-2012 pensioners affected by the 2012 rate band changes, who are currently assessed under the yearly average model, to qualify for a higher rate of contributory State Pension. We had constructive discussions on this issue at this Committee and I thank the Committee for its input. It is intended that first payments will be made in Quarter 1 next year, backdated to March 2018.

- **Expenditure on Working Age schemes** comprises two programmes - Income Supports and Employment Supports – which, when combined, account for about €4.2 billion or 21% of total expenditure
 - **Income supports** – including Jobseekers, One Parent Family Payment, Maternity and Paternity – accounts for €3.4 billion or 17% of overall expenditure;
 - **Expenditure on Employment Supports**, including Community Employment, Back to Education/Enterprise and various employment programmes, amounts to over €823 million or 4% of my Department's expenditure;

- The next biggest area of expenditure is **Illness, Disability and Carers** which amounts to €4.2 billion or 21% of expenditure in 2018;
- **Expenditure on Children and Families** accounts for over 13% of expenditure or €2.6 billion, of which €431 million is allocated to the Working Family Payment paid to low income working families;
- **Expenditure on Supplementary Payments like rent supplement, Agencies such as MABS and the CIB and Miscellaneous Services** accounts for €814 million or 4% of expenditure.

Live Register

The Live Register has continued to decline at an extraordinary rate. Our improved economic situation and healthy labour market have seen a decline of nearly 40,000 people on the Live Register since this time last year. And over 80,000 people have left the Live Register over the last two years. As of last week, the Live Register stood at just over 213,000 people and continues to fall. The ongoing fall in the Live Register is freeing up resources we need to meet rising demand in other areas – for pensions, people with disabilities and carers.

The drop in the Live Register has been accompanied by an increase in employment.

There are now 2 million and 255 thousand people in employment. To the end of Quarter 2 this year, there was an annual increase of over 74,000 people in employment. The unemployment rate at the end of quarter 2 stood at 5.8% and long-term unemployment has fallen from 3.2% to 2%.

From a peak level of over 30%, the youth unemployment rate has fallen to 15.4%.

We are making good progress but we do not have the luxury of becoming complacent. We have to continue to ensure that our social protection system and our labour market work together to move people into sustainable employment and that those people who cannot work, and their families, are supported.

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.

Lone Parents

In last year's Budget, I wanted to focus on children and families – particularly lone parents. We did a number of things in this area:

- Increased the rate of the Qualified Child Increase by two euro, bringing it to €31.80 per child per week: the first such increase since 2010;
- Further increased the earnings disregard on the One-Parent Family Payment by €20, bringing it to €130 per week;
- Increased the thresholds on Working Family Payment by €10 for families with up to three children; and
- Increased funding for the School Meals Programme to include newly designated DEIS schools.

This was alongside a general rate increase on weekly social welfare payments.

The report from this Committee on lone parents contained a number of recommendations and I am happy to discuss them with you today. I would stress, however, that we have made significant advances since the report was published, as I have outlined.

I am aware that we cannot do everything we want to do in one Budget but I certainly hope to build on what we achieved last year and further strengthen the position of families on low fixed incomes in Budget 2019.

Christmas Bonus

There is currently no provision for a Christmas bonus in the Department's allocation for 2018.

However, in the past four 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.

Programme for Government

Looking ahead to the Budget in October, the Programme for Government contains 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. Thankfully, in the last few

years, we have been able to meet – and exceed – this commitment through the increases granted in weekly rates of payment.

On July 20th last, I attended the annual Pre-Budget Forum in Dublin Castle. We held six workshops and I had an opportunity to sit and listen to the discussions in each one. The workshops covered the themes of retired and older people; supports for the most vulnerable; children and families; people with disabilities and carers; and employment and pathways to work.

Having read groups' pre-Budget submissions, and listened to the views on the day, it is clear that the range of issues facing NGOs, and the people they represent, are vast and varied. In finalising proposals on Budget 2019, I am conscious of all of this. I am also aware that we cannot do everything that has been asked for. We will need to prioritise, of course, and the Forum was, again, extremely useful and gave me and my officials a great insight into the competing priorities for welfare spend and employment affairs issues.

Conclusion

In terms of the parameters for Budget 2018, the Summer Economic Statement indicated that there is likely to just €800 million of fiscal space available for new tax and spending initiatives across all Departments in Budget 2019.

We have to think carefully about where our resources should be directed. What will be most effective at addressing child poverty? What will be the most effective way to spend money to aid the position of low-income families?

As I asked you last year, I would really welcome input from you all as to what you think should be the main 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