



**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 meeting of the**  
**Select Committee on Employment Affairs**  
**and Social Protection**

**CHECK AGAINST DELIVERY**

Wednesday, 27<sup>th</sup> March 2019

## **Introduction**

Chairman and members, thank you for the invitation to meet with you today to discuss the 2019 Revised Estimates for my Department.

Department officials have provided detailed briefing material for the use of the Committee at this meeting, which includes comprehensive financial and recipient data. This briefing also provides updates on the Department's performance on its output targets for 2018.

On foot of observations made by the Chairman at last year's meeting, the briefing this year provides for a clearer comparison between last year's actual expenditure and the estimate for 2019. Tables have been provided which show last year's outturn excluding the payment of the Christmas Bonus – allowing for a like-for-like comparison. Additional columns have also been included which explain the variance between actual expenditure for 2018 and the Estimate for 2019. I hope this provides more clarity to the Committee.

## Overview

As Members know, the work of the Department is broad in scope and has widened over the last number of years. Throughout the life-cycle, the Department offers services and income support to people – from the payment of Child Benefit to supporting people through income support when they reach pension age.

The Department's expenditure – at €20.5 billion for 2019 – is the largest of any Government Department. This represents 35% of gross current Government expenditure.

To put this in perspective, each week, over 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 628,000 families receive Child Benefit each month in respect of 1.2 million children.

With this level of expenditure, we must ensure that our social protection system is properly structured and that it provides support when people need it most. We also aim to ensure that the system is flexible enough to deal with changes in the economy and society so that we are ready to deal with challenges when they emerge.

Without the social transfers we provide, we would see a society where poverty and social exclusion become more extreme and acute.

### **Expenditure Levels by programme**

As I have mentioned, €20.5 billion represents 35% of gross current Government expenditure and it useful for a moment to consider the areas in which this money is to be spent.

- The biggest single block of expenditure in 2019 will be on **Pensions**, which will amount to over €8 billion, or 39% of overall expenditure. As our population ages with – thankfully – people living longer lives, an increasing proportion of the Department’s expenditure is on pensions providing income support for people in their older years;
- Expenditure on **illness, disability and carers** payments amounts to €4.4 billion in 2019, representing 22% of expenditure;
- We will see a further reduction in expenditure on **Working Age Income Support** schemes in 2019, largely driven by the ongoing downward trend in the number of jobseeker payments. Working age income supports will account for 16% of expenditure, at €3.2 billion this year. This includes payments for jobseekers, one-parent

families, maternity and paternity payments, and supplementary welfare allowance.

- In parallel, **expenditure on Employment Supports**, including Community Employment, Back to Education Allowance, Tús, the Rural Social Scheme and various employment and activation programmes, amounts to €724 million this year – or 3.5% of my Department's expenditure.
- Again, expenditure on working age employment supports is decreasing, reflecting reduced demand in the context of rising employment and reductions in unemployment.
- **Expenditure on Children and Families** will account for over 13% of expenditure or €2.7 billion, of which €2.1 billion is spent on Child Benefit and €416 million on the Working Family Payment;
- **Expenditure on Supplementary Payments like rent supplement, and on agencies like the Citizens Information Board and Miscellaneous Services** accounts for €806 million or just over 4% of expenditure.

## **Unemployment and the Live Register**

As I have just mentioned, 2018 saw a continuing fall in the Live Register and improvements in the labour market. Last week, the Live Register was 193,300 people, over 37,000 lower than it was at the same time last year and over 75,000 lower than it was two years ago.

This is, of course, welcome but we must not forget those who remain unemployed. My Department's schemes and services are continuously adapting to ensure that they encourage movement from unemployment to employment and that we support people through activation services and employment programmes where they need additional help to find a job.

## **Budget 2019**

In Budget 2019, my second Budget as Minister, I sought to continue my focus on encouraging employment and supporting families with children.

Building on the increases made in 2017 and 2018, people receiving weekly social welfare payments saw another increase in their rates with five euro being added to the maximum weekly rates of payment. Proportionate increases

were also provided to qualified adults. Again, these increases will benefit our pensioners, people with disabilities, carers and jobseekers and will take effect from this week. Over the last four Budgets, the Government has increased the main weekly rates of payment by fifteen euro per week and the main rates of state pension by eighteen euro per week.

This year, we are again increasing the rate for qualified children. The rate is being increased this week by €2.20 for children up to age 12 and by €5.20 for children aged 12 years and over. The rates are now €34 and €37 per week respectively. This represents increases for children in households dependent upon social welfare and is a response to evidence presented by St Vincent de Paul, the Vincentian Partnership and Barnardo's that the costs of raising and caring for children increase once that child reaches his or her secondary school years.

The rate of Daily Expenses Allowance – formerly known as Direct Provision Allowance – is being increased to the levels recommended in the McMahon Report. The rate for an adult will rise by €17.80 to €38.80 and, for children, will rise by €8.20 to €29.80.

The income disregard for lone parents is again being increased by €20 to bring it to €150 per week and a new

disregard for maintenance payments which are used towards housing costs will be introduced on Working Family Payment.

2019 will also see the introduction of a new jobseeker's benefit payment for the self-employed. My Department and I are currently working through the finer details of the scheme. This will provide a safety net not currently available to people setting up or running their own businesses.

In addition, a new parental benefit scheme will be introduced later this year which will allow both parents to access paid parental leave in the first year of their child's life.

Other measures include:

- The fuel allowance season is being extended by one week which will be paid in April;
- A new hot school meals pilot programme is almost ready to be rolled out. This will be provided in up to 36 schools this year and, if successful, it is my aim to extend the scheme on a wider basis;
- We are also commissioning research into the cost of disability which, I hope, will provide us with evidence to inform future policy direction in this area.



## **Processing Times**

The Department has also provided briefing in relation to progress against claims processing targets.

For many of my Department's schemes, claims are processed within or close to the Department's processing time standards. 2018 saw significant improvement in processing times for Domiciliary Care Allowance. However, for some schemes, the processing time standards were not achieved in 2018, particularly for illness-related schemes.

Additional staff were assigned to the carer's allowance area in mid-October and this resulted in a 35% reduction in the number of claims awaiting decisions at end of February 2019, compared to the end of September 2018. Given this reduction in claims pending, it is expected that the claim processing times will improve in the coming weeks.

As I have said before, my Department is committed to ensuring that claims are processed as quickly as possible and that delays are kept to a minimum.

It is also worth mentioning again that anyone who is awaiting a decision on a social welfare payment can apply for a means-tested supplementary welfare allowance

payment pending the outcome of their social welfare application.

### **Comparing the 2018 outturn with the 2019 Allocation**

In comparing the Department's expenditure in 2018 with the allocation for 2019, it is important to note that variances in expenditure on most social welfare schemes are typically explained by a combination of factors including:

- i. Trends, including downward trends, in recipient numbers.
- ii. Changes in average weekly payment values.
- iii. Differences in the number of paydays in any given year.

In addition, comparisons between 2018 and 2019 expenditure are further impacted by:

- i. The measures introduced in Budget 2019, including the increases in the weekly rates of payment;
- ii. The carryover costs of Budget 2018 measures; and
- iii. the payment of a 100% Christmas Bonus in 2018 costing €265 million. Provision for the Bonus is made, subject to the financial position of the State, in October

of each year as part of the budgetary process and is not included in the Revised Estimates.

As I mentioned at the outset, I hope the revised presentation in the Committee's brief for this year provides greater clarity in the ability to compare 2018 expenditure and the 2019 estimate.

## **Conclusion**

Chairman, we live in uncertain times. What I and my Department intend to do is deliver some certainty to people when they meet challenges in their lives. The Department is there to support people during these life events and our allocation for 2019 provides for schemes and services that allow us to deliver that support.

Fortunately, as our economy has improved, we have been in a position to provide greater resources for improvements in our social protection system.

My statement this afternoon has sought to provide the Committee with an overview of the scale and scope of the Department's expenditure and how the significant improvements we made in the Budget are reflected in our Estimates for 2019.

I look forward to hearing your views and welcome any questions.

**ENDS**