

REVISED ESTIMATE VOLUME 2024

FOR VOTE 37

DEPARTMENT OF SOCIAL PROTECTION

OPENING STATEMENT

by the

MINISTER FOR SOCIAL PROTECTION

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to the

OIREACHTAS SELECT COMMITTEE

ON SOCIAL PROTECTION, COMMUNITY AND RURAL

DEVELOPMENT AND THE ISLANDS

Wednesday 7th February 2024

CHECK AGAINST DELIVERY

1. Introduction

I thank the Chairman and members of the Committee for their invitation to attend here today to discuss the 2024 Revised Estimates for the Department of Social Protection. As we look forward to another new year in 2024, it is timely to recap on the significant challenges that Ireland has faced over the last twelve months –

- During 2023, we saw significant continued inflationary pressures, exacerbated by the ongoing war in Ukraine. Although, thankfully the two most recent CSO monthly bulletins have shown a decrease in the annual rate of inflation below 5%, there has been a significant effect on prices and the cost of living during 2023. My Department has been front and centre in delivery of the Government's response in this area, supporting people via Budget 2024 providing the largest Social Protection budget in the history of the State, for the second year in a row.
- We have also seen continued supports delivered for Ukrainian people, arriving in Ireland fleeing the war in their home country. We will continue to support these people, albeit with amended approaches, in 2024.
- Last September, the EU Council agreed to extend the period of temporary protection to March 2025. It is therefore necessary to consider the arrangements required across Government to

support this longer-term implementation of temporary protection.

- Ireland's approach to the provision of accommodation and supports to Beneficiaries of Temporary Protection is being changed in order to be more sustainable and more closely aligned to most EU Member States, while continuing to meet our obligations under the Temporary Protection Directive.

2. Revised Estimates 2024 and Outturn for 2023

In framing the Financial Estimates position for 2024, and comparing it with the outturn for 2023, my officials have sought to provide the Committee with a 'like for like' comparison between the two years, by isolating not only estimates for the cost of the Christmas Bonus, but all the other Cost of Living Supports, including the January bonus paid only last week to support social protection recipients with winter costs early in the year and the Cost of Temporary Protection Ukraine measures in the extensive briefing document which is before you today.

The Revised Estimates, which the committee is to consider today, reflects a provision for 2024, a year which exhibits continuing uncertainty for our economic outlook – not least driven by the continuing war in Ukraine and its ongoing impact on prices, especially for such staples as energy and food.

Projected spending for the Department in 2024 is €25.6 billion, compared with an estimated outturn for 2023 of €24.9 billion. It should be borne in mind that spending in 2023 was boosted by the inclusion of almost €1.3 billion in once-off Cost of Living supports.

3. Flexible Responses in 2023

As members know, the work of the Department is broad in scope, supporting people throughout the life cycle, from the payment of child benefit to the provision of income support when people reach pension age. The Department's expenditure, at €24.9 billion for 2023, is still the largest of any Department, representing more than one third of gross current Government expenditure. With this level of expenditure, we must ensure our social protection system is properly structured and provides support when people need it most. As demonstrated over the last two years, I hope you will join me in thanking the staff of the Department, particularly those working on the front lines, who have worked through COVID, supporting our citizens with Cost-of-Living pressures, and helping the unfortunate families finding shelter in Ireland after being driven from their homes in Ukraine. Our people, our systems and our schemes have all shown huge flexibility in responding so well, and so quickly to these unprecedented challenges. This work continues into 2024 as we

continue to refine our responses to ongoing issues such as supports for Ukraine, aligning Ireland's position more closely with other EU member states whilst continuing to meet our obligations under the Directive.

4. Looking Back, and Looking Forward into 2024

The projected 2024 expenditure of €25.6 billion hopefully represents a normalisation of the pattern of social protection spending, but it represents a new normal at a higher level of expenditure, incorporating budget 2024 measures of over €1 billion. I am proud to have again, for the second year in succession, delivered the largest social welfare budget package in the history of the State – providing a targeted mixture of once-off and ongoing measures, which the ESRI's post-Budget analysis has shown will be effective in protecting most households from rising prices, especially the most vulnerable in our society.

In 2023, we provided lump sum supports in two phases :

- First, as part of a €402 million Spring package, which had a particular focus on supports for Children with Child Benefit and Back to School, Clothing & Footwear Allowance measures prominent.
- Then, as part of the Budget 2024 package, we provided a €867m package of once-off measures in Quarter 4 2023, supporting a

wide range of Social Protection customers including pensioners, people with disabilities and those of working age.

Moving into 2024, there are further Budget 2024 supports becoming available, funded as part of the Revised Estimates -

- from the start of January, we have seen a wide range of Social Protection increases come into effect which were announced as part of Budget 2024. This includes another €12 across the board increase to weekly rates, matching last year.
- A January double week bonus, paid at the higher 2024 weekly rate and on the same basis as the Christmas bonus, to support people with additional winter costs was paid last week, at a cost of €342 million.

These measures are reflected in the expenditure subheads presented today. Government will closely monitor the economic situation during the year and stands ready to respond to further support our citizens, as and when required, as we have done over the last two years.

5. Revised Estimates 2024 by Programme

The biggest single block of expenditure in 2024 will be on **pensions**, which will amount to more than €10.7 billion or just under 42% of overall expenditure, up by almost €543m from the 2023 outturn, with €238m of this increase linked to additional recipient numbers – a fact which reflects the ever-increasing demographic challenge unfolding for this programme. Thankfully, people are living longer lives but that, of course, means an increasing proportion of the Department's expenditure is now providing income support for people in their older years.

Expenditure on **illness, disability and carer's** payment amounts to €5.6 billion in 2024, representing 21.9% of expenditure and up by 1.5% on 2023's provisional outturn.

Working-age income supports will account for just over 16% of expenditure in 2024, at €4.1 billion. This includes payments for jobseekers, one-parent families, maternity and paternity payments, and supplementary welfare allowance. Expenditure on **employment supports** is estimated at €655 million, 2.6% of total expenditure, which will provide significant support to community employment, back-to-education allowance, Tús, the rural social scheme and the various employment and activation programmes, which will be again

important in 2024, a year when the Irish economy and the labour market face many risks on the downside.

Expenditure on **children and families** will account for over 11% of expenditure, over €2.8 billion, of which over €2.1 billion will be spent on child benefit and €375 million on the working family payment. Expenditure on **supplementary payments** is €927 million or 4% of 2024 expenditure.

6. Conclusion

The broad overview I have presented of social protection expenditure is developed in detail in the briefing material provided to the committee. I am sure the committee will agree it is a very comprehensive analysis of 2024 expenditure on the largest and, potentially, most complex Estimates. There is little doubt that 2024 will bring challenges for social protection spending, including evaluating how changes in the economy are impacting those most at risk of poverty. My Department has demonstrated its ability and flexibility to effectively support the most vulnerable, as evidenced in the last few years in particular.

I look forward to hearing the committee's views and welcome any questions members have about the brief.

ENDS