



Department of Social and Family Affairs

Minister Brennan - Spending On Social Welfare To Rise To A Pre-Budget Amount Of €14.07 Billion In 2007

The Minister for Social Affairs, Seamus Brennan T.D., today announced that spending on social welfare will increase in 2007 to a total of €14.07 billion – an increase of over €458 million before announcements in the December Budget are taken into account.

Minister Brennan said the commitment in the Estimates to €14.07 billion was the highest ever spend on social welfare before the inclusion of Budget measures. The 2006 Estimates was for €12.49 billion and this figure was significantly boosted by an additional €1.12 billion in the Budget to give an historically high combined spend last year of €13.61 billion.

The Minister said: "It must be remembered that the Estimates for the Department of Social and Family Affairs are different from the Estimates for other departments in that they do not reflect the total amount we will be actually spending on social welfare benefits and supports in 2007. Our Estimates are a framework to which the Budget allocations will be added to significantly boost overall spending on social welfare. In the case of most departments the Estimates are the near final word but in Social and Family Affairs they are really only part of the picture."

Minister Brennan said he and his Department officials are actively engaged in developing his proposals for the Budget and he was confident that the level of additional spending on social welfare that will be agreed in the Budget will further demonstrate the Government's commitment to those most in need of social welfare supports.

The main areas of increased pre-Budget expenditure in 2007 include:

- the full year cost of the 2006 DSFA Budget improvements - **€1,120 million**
- the cost in 2007 of the increase from January 2007 of 600, from 1,800 to 2,400, in the annual number of free units covered by the Electricity Allowance and a pro-rata increase in the number of free units covered by the Gas Allowance announced by the Taoiseach in September 2006 - **€50 million**
- the full year cost of the increase from March 2006 of 4 weeks, from 18 to 22, in



Department of Social and Family Affairs

the duration of paid maternity leave under the National Child Care Strategy 2006/2010 - **€32 million** (all SIF)

- the cost in 2007 of the further increase from March 2007 of 4 weeks, from 22 to 26, in the duration of paid maternity leave under the National Child Care Strategy 2006/2010 - **€27 million** (all SIF)
- the cost in 2007 of the removal of peak-time travel restrictions for Free Travel pass holders announced in August 2006 - **€1.15 million.**

An estimated 1,022,000 people on average are expected to claim weekly social welfare payments in 2007 and around 1.5 million people, including dependents, will benefit from these payments.

Minister Brennan said that the €14.07 billion that will be spent on welfare and social supports and entitlements represents almost one third of all day to day spending by the State.

Minister Brennan said: "This Department has a pivotal role to play in ensuring that the fruits of our economic growth benefit all, particularly those who feel most vulnerable and are in need of vital support. We can all of us only be proud of a booming economy and a vibrant, modern country when it reaches out and lifts those who, for whatever reason, have been left behind or feel marginalized. I am determined that the substantial resources available to my Department will be targeted at delivering a 21st century welfare service that responds in a way that is about more than allowances and benefits, it is also about recognition, compassion and service, and about helping people to build better lives."

Minister Brennan said he was actively pursuing a new social reform agenda that had at its core the ambition of reaching behind the welfare payments and addressing the social issues involved.

"These reforms, while protecting those who are disadvantaged amongst us, are aimed at actively creating opportunity, bringing people from welfare dependency to welfare independence by providing stepping stones off welfare assistance to a better standard of living and income."



Department of Social and Family Affairs

Minister Brennan said that the social policy reform agenda that is now progressing includes-

- Confronting the unacceptable blemish in 21st century Ireland of remaining child poverty
- Seeking to deliver a decent pension for all of our workers and offering choices on how older people want to spend their later years.
- A new deal to liberate Lone Parents and their children by removing obstacles to education, training and employment.
- Activating and offering real opportunities and choices to those who are unemployed and ensuring that we do not neglect the potential of any job seeker.
- Taking care of our Carers so that their valued role is fully recognised and that many of those in need of care can be looked after in their own homes.

Ends



Department of Social and Family Affairs

FACTSHEET: ESTIMATES 2007 – VOTE 38 AND SOCIAL INSURANCE FUND

Administration

A.1 Salaries, Wages and Allowances

The 2007 increase is mainly to cover pay increases. There is provision of €7.564m in the 2007 estimate for the cost the general round of pay increases under "Towards 2016".

A.2 Travel and Subsistence

The Department is currently reviewing internal requirements for 2007 under this subhead. It is expected that the allocation in 2007 will approximately equal the Revised Estimate in 2006.

A.3 Incidental Expenses

This subhead provides for staff training costs (other than travel and subsistence) and other incidental expenses such as advertising, cleaning, waste disposal etc.

A.4 Postal and Telecommunications Services

This subhead provides for postage costs and telephone related charges. The 2006 estimate had provided for a telecommunications upgrade including an increase in the Department's bandwidth requirement which is not required in 2007. This is the reason for the decrease in the 2007 estimate.

A.5 Office Machinery and Other Office Services

The increase of €3.812m in the estimate is to cater for ongoing developments and initiatives in the Department's ICT infrastructure.

A.6 Office Premises Expenses

The increase of €0.81m is mainly due to higher energy costs.

A.7 Consultancy Services

There is a small increase in the 2007 allocation for this subhead. The estimate includes a provision of €5m for the Service Delivery Modernisation (SDM) Programme.

A.8 Payments for Agency Services

Provides for payment to:

- An Post in respect of encashment of social assistance pensions and allowances;
- production of pension, allowance and child benefit order books; and
- payments to medical certifiers for certificates and reports and an expected increase in fees payable to doctors for the provision of medical certificates and reports.

A.9 eGovernment – REACH

The increase of €3.615m is due mainly to the development costs for new services to the Courts Service, Garda Siochana, the Prison and Probation Service and additional operational running costs associated with REACH services in 2007.



Department of Social and Family Affairs

A.10 Value for Money and Policy reviews

This new subhead provides for the administrative costs (pay, consultancy etc.) associated with value for money and policy reviews. This expenditure was previously spread across a number of subheads.

A.11 eGovernment Related Projects

This subhead caters for three eGovernment related projects, which will have a general Public Sector wide impact:

- Standard Authentication Framework Environment (SAFE) – the development of a standard for a public service card. The first issue of SAFE compliant cards will be for Free Travel.
- Public Service Identity service (PSI) – further development of the current service supplied to other Department's and Government Agencies using the PPS number.
- Customer Object Development – the modernisation of the Department's central records system.

The increase over the 2006 Estimate is because the projects are moving from planning to design/build stage in 2007.

SOCIAL ASSISTANCE

B. State Pension (Non-Contributory)

The increase of 11% is due mainly to transfer of some 13,500 recipients aged 66 and over from Widow(er)s non-contributory Pension, Blind Pension, One Parent Family Payment and Deserted Wife's Allowance to the new State Pension with effect from end-September 2006. The impact on the Estimates is one quarter in the case of 2006 and a full year in 2007. The 2007 Estimate provides for an average of 95,900 recipients.

C. Blind Pension

The decrease of 23% is due mainly to the transfer of recipients aged 66 and over to the State Pension. The 2007 Estimate provides for an average of 1,420 recipients.

D. Child Benefit

The increase of 5% is due mainly to the additional cost in 2007 of the 2006 Budget improvements and to provision for an increase of 38,000 in the average number of children. The 2007 Estimate provides for an average of 1,134,000 children.

E. Jobseekers Allowance

The increase of 8% is due mainly to a projected trend increase in the average number of recipients. The 2007 Estimate provides for an average of 80,200 JA recipients. The increase in numbers follows from an emerging excess of 3,000 in 2006 and provision for a trend increase in 2007. The project 2007 Live Register is 160,000.

F. Farm Assist

Payable where the farmer also has non-farming income, such as other self-employment and/or insurable employment, the decrease of 5% reflects the transfer of recipients to the Rural Social Scheme. The 2007 Estimate provides for an average of 7,400 recipients.



Department of Social and Family Affairs

G. Employment Support Services

Back To Work Allowance

The 2007 Estimate is €65.2m and provides for an average of 10,000 recipients. The increase of €9.3 million is due mainly to the additional costs in 2007 of the Budget 2006 reductions in the qualifying periods, from 3 years on the Live Register to 2 years in the case of the self-employed strand, and from 5 years to 2 years in the case of the employee strand.

Back to Education Allowance

The 2007 Estimate is €61.4m and provides for 8,000 recipients in the academic year 2006/07 and 8,200 in the academic year 2007/08. With effect from the 2006/07 academic year, the qualifying period for BTEA Third Level option was reduced from 15 months to 9 months for those approved by FAS under the National Employment Action Plan (NEAP) and to 12 months for applicants not participating in the NEAP.

H. Pre-Retirement Allowance

The decrease of 1% is due mainly to a trend decrease of 100 in the average numbers of recipients. The 2007 Estimate provides for an average of 11,150 recipients.

I. One-Parent Family Payment

The 2007 Estimate provides for an average of 82,460 recipients, and includes the transfer of some 40 recipients aged 66 and over from One Parent Family Payment to the State Pension with effect from end-September 2006.

J. Widows/Widowers' Pension and Guardian's Payment

The decrease of 80% is due to the transfer, from end-September 2006, of some 12,400 recipients aged 66 and over from Widow(er)s non-contributory Pension to the new State Pension.

K. Social Assistance and other Allowances

This Subhead, which provides for payment of a means-tested allowance to deserted wives and prisoners wives without dependant children, was discontinued for new claimants with effect from January 1997, on the introduction of the One Parent Family Payment. The decrease of 42% is due mainly to the transfer of some 560 recipients aged 66 and over to the new State Pension.

L. Family Income Supplement

The increase of 13% is the net result of an expected increase in the average number of recipients to 21,100 recipients in 2007.

M. Carer's Allowance

The increase of 8% is due mainly to an increase in the average number of recipients. The 2007 Estimate provides for an average of 28,730 recipients.

N. Supplementary Welfare Allowances

The decrease of 2% is due mainly to an emerging saving of €48m on the 2006 estimate, on which the 2007 estimate is based, and to the transfer of €24m to the



Department of Social and Family Affairs

Department of the Environment, Heritage and Local Government for the Rental Accommodation Scheme, partially offset by provision for trend increases in 2007.

O. Disability Allowance

The increase of 5% is due mainly to provision for a trend increase of 4,500 in the average number of recipients in 2007. The 2007 Estimate provides for an average of 85,500 recipients.

P. Respite Care Grant

The 2007 estimate provides for the payment of 43,000 grants, payable to some 30,300 carers, an increase of 4,000 grants on the 2006 emerging outturn.

Q. Free Schemes (Assistance schemes only)

The increase of €22.9m (10%) makes provision for the cost of the increase from January 2007 in the number of free units covered by the Electricity Allowance (from 1,800 to 2,400 units per annum); a pro-rata increase in the number of free units covered by the Gas Allowance and for price increases in electricity, gas and travel. It also includes the full year cost of the removal of peak time restrictions on Free Travel.

R. Money Advice & Budgeting Service

The increase funding in 2007 is due mainly to provision for higher pay and other administration costs.

S. Family Support Agency

The increase in 2007 provides for an extension of the Family & Resource Centre Programme as well as increased funding in line with projected inflation for the services administered by the Agency such as the Family Mediation Service.

T.1 Grant to the Combat Poverty Agency

The decrease of 3% reflects unbudgeted-for receipts to the Agency in 2006 under the social exclusion programme, the EU peace and reconciliation programme and from the Department of Health & Children and HSE as part funding of certain expenditure incurred by the Agency for programmes on their behalf.

T.2 EU Community Action Programme to Combat Social Exclusion 2003 – 2007

This Subhead makes provision for the Exchequer's contribution to projects involving participation by bodies (both statutory and non-statutory) from Ireland.

U. Grant to COMHAIRLE

The increase of 9% is due mainly to provision for higher pay and other administration costs.

V. Dormant Accounts – Economic and Social Disadvantage

Expenditure under this programme is being met from the Vote of the Department of Community, Rural and Gaeltacht Affairs in 2007.



Department of Social and Family Affairs

W. Miscellaneous Services

The increase of 5% arises mainly from provision for an increase of €3.2m in funding for the School Meals community programme in 2007.

X. Appropriations-in-Aid

The increase of 5% in 2007 arises almost entirely on the provision for recovery of administration expenses from the Social Insurance Fund and this is due to the increase in the Department's Administrative Budget arising mainly from pay increases, computer infrastructure development and higher agency costs.

SOCIAL INSURANCE FUND (SIF) - INCOME

Income from Contributions

PRSI contributions are paid by employers, employees and the self-employed. The 2007 Abridged Estimate provides for an increase in the employee ceiling to €48,800, from €46,600, i.e. an increase of €2,200 (4.7%) which is in line with projected earnings increases.

The increase of (13%) is due mainly to the yield from projected growth in earnings and employment levels in 2007 (€560m) and to the 2006 outturn emerging at a higher level than provided for in that year's estimate (€250m).

Income from Investments

This heading provides for the income that accrues to the Social Insurance Fund from the investment of its surplus. The Investment Account of the Fund is managed by the Department of Finance and the National Treasury Management Agency. The increase of 89% in 2007 over 2006 is due mainly to the increase in the projected Fund surplus in 2007.

SOCIAL INSURANCE FUND (SIF) - EXPENDITURE

Illness Benefit

The increase of 7% is due mainly to provision for an increase in the average number of recipients in 2007 to 67,200 recipients.

Invalidity Pension

The decrease of 8% in the Estimate for 2007 is due to the transfer of 9,700 recipients aged 66 and over from this scheme to the State Pension (Contributory) with effect from end-September 2006. The impact on the estimates is one quarter in the case of 2006 and a full year in 2007. The 2007 Estimate provides for an average of 52,900 recipients.

Occupational Injuries Benefit

The increase of 2% is due mainly to a projected trend increase of 300 in the average numbers of recipients.

Maternity Benefit

The increase of 28% reflects the cost of the extension of paid Maternity Leave announced by the Minister for Finance in his 2006 Budget Statement, as part of the Government's National Childcare Strategy 2006-10. The 2007 Estimate includes the full year cost of the extension of paid Maternity Leave from 18 to 22 weeks with



Department of Social and Family Affairs

effect from March 2006 and the 2007 cost of the further increase from 22 to 26 weeks with effect from March 2007.

Health & Safety Benefit

This is a small scheme, so the percentage change can appear great. The decrease of 6% is due to a decrease of 3 in average numbers of recipients in 2007. The 2007 Estimate provides for an average of 40 recipients.

Adoptive Benefit

The increase in this provision follows on from the increase in the number of paid weeks Maternity Leave, which also apply to Adoptive Leave.

Treatment Benefits

The increase of 4% is due mainly to provisions for trend increases in number of claims and for increase in fees. The Scheme covers dental, optical and medical/surgical (mainly hearing aids) treatments.

State Pension (Contributory)

The increase of 57% is due to the transfer of 97,600 recipients aged 66 and over from Invalidity Pension and State Pension (Transition) with effect from late September 2006. The impact on the estimates is one quarter in 2006 but a full year in 2007. The 2007 Estimate provides for an average of 228,400 recipients.

State Pension (Transition)

The decrease of 91% reflects the transfer of 87,900 recipients aged 66 and over from this scheme to the State Pension (Contributory) with effect from late September 2006. The State Pension (Transition) is now a one-year scheme for persons who retire at age 65.

Jobseekers Benefit

The 2007 estimate provides for an average of 52,500 recipients while the corresponding number underlying the 2006 estimate is 53,000.

Widows'/Widowers' Pension and Guardians' Payment (Contributory)

The 2007 Estimate provides for an average of 111,590 recipients (comprising 110,800 widows/widowers and 790 guardians payments).

Widowed Parent Grant

No change to this scheme. The 2007 Estimate provides for the payment of 1,250 once-off insurance-based grants.

Deserted Wives Benefit

The decrease of 6% is due mainly to a projected trend decrease of 420 in average numbers of recipients. This scheme was discontinued for new claimants with effect from January 1997, on the introduction of the One Parent Family Payment. Existing DWB recipients, at that time, continue to receive payment for the duration of their entitlement.

Carers Benefit

The increase of 42% is due mainly to a projected increase of 400 in the average number of recipients and the full year cost of improvements announced in the 2006



Department of Social and Family Affairs

Budget, mainly the increase in the duration of Carer's Benefit by 9 months to two years.

Bereavement Grant

No change to this scheme. The 2007 Estimate provides for the payment of 21,420 grants.

Free Schemes (Insurance)

This allocation covers expenditure in respect of persons in receipt of social insurance payments. The increase of 17% makes provision for the cost of the increase from January 2007 in the number of free units covered by the Electricity Allowance (from 1,800 to 2,400 units per annum); a pro-rata increase in the number of free units covered by the Gas Allowance and for price increases in electricity, gas and travel. There is also provision for a trend increase in the number of recipients and the full year cost of the removal of peak time restrictions on Free Travel.

Redundancy and Insolvency Payments

These schemes are administered by the Department of Enterprise, Trade and Employment, but the costs are a charge on the Social Insurance Fund. The Estimate provides for around 22,000 notified redundancies in 2007 – this represents around 1% of the total numbers in employment.

Administration Expenses

The increase of 7% is due mainly to the increase in the Department's Administrative Budget, arising mainly from provision for pay increases, computer infrastructure development and higher agency costs and also to the increase in the payment to the Superannuation Vote to cover the pension liability associated with staff engaged in the administration of the SIF.

End Year Surplus Figures

The end 2007 cumulative figure of €4,119m does not allow for the cost of the Budget 2007 improvements, which will be announced on 6th December 2006. The increase is due to projected 2007 income exceeding projected expenditure (on a pre-Budget basis) by €1,098m and to the emerging 2006 outturn which shows the end-2006 surplus at €240 higher than the estimate for the year.

Ends