



**Spending On Social Welfare To Rise To Record Prebudget
€11.42 Billion - Minister Séamus Brennan**

**Almost 1.5 Million People To Benefit As Department Targets
Resources At Those Most At Risk**

The Minister for Social Affairs, Séamus Brennan T.D., today (Thursday, 18th November 2004) announced that spending on social welfare will increase in 2005 to a total of €11.42 billion - even before announcements in the December Budget are taken into account.

Minister Brennan said the commitment in the Estimates to €11.42 billion was the highest ever spend on social welfare before the inclusion of Budget measures. It also reflected the significant year on year increases in social welfare that have been delivered by this Fianna Fáil led Government. An example was that in 2001 the social welfare budget totalled €7.8 billion and this year will reach the highest ever pre-Budget spend of €11.42 billion, an increase of over 45% in four years.

The Minister said: "It must be remembered that the Estimates for the Department of Social Affairs are different from the Estimates for other departments in that they do not reflect the real amount we will be actually spending on social welfare benefits and supports in 2005. Our Estimates are a framework within which the allocations on Budget day fit to significantly boost overall spending on social welfare. In the case of most departments the Estimates are the near final word but in Social Affairs they are really only the beginning."

Minister Brennan said he and his Department officials are engaged in regular meetings in advance of the Budget with the Minister for Finance and his officials and he was confident that the level of additional spending on social welfare that will be achieved in the Budget will further demonstrate the Government's commitment to those most in need of welfare supports.

Main areas of increased expenditure (Pre Budget):

Old Age Contributory & Retirement Pensions	+Eur57.08m
Child Benefit	+ Eur49.9m
Carer's Allowance	+Eur3.1m
Disability Allowance & Invalidity Pensions	+ Eur54.3m



Department of Social and Family Affairs

An estimated 973,000 people on average are expected to claim weekly social welfare payments in 2005 and almost 1.5 million people, including dependents, will benefit from these payments.

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. 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 this Department will be targeted at helping those people, the children at risk of poverty, the elderly, the carers who look after those unable or incapable of caring for themselves, the unemployed and the many more deserving of vital supports. This Department is committed to the delivery of a 21st century welfare service that responds with urgency to those in need. And that response is about more than allowances and benefits, it is also about recognition and compassion."

Ends

NB: See factsheet attached

Administration

A.1- Salaries, Wages and Allowances

The reason for 2005 increase relates to pay increases. There is provision of EUR8.6m in the 2005 estimate for the cost of pay increases, EUR6.4m for the general round of pay increases (including Sustaining Progress 2) and EUR2.2m for the final phase of benchmarking. This will be partially offset by savings on overtime. The staff figure underpinning the Estimate is of the order of 4,200.

A.2- Travel and Subsistence

The decrease is accounted for by the fact that the 2004 allocation contained an estimate for travel costs relating to the hosting of the EU Presidency which will not be required in 2005.

A.3- Incidental Expenses

Provides for staff training costs (other than travel and subsistence) and other incidental expenses such as advertising, cleaning, waste disposal etc. Increases arise across a range of subdivisions. The main increases include an expected rise in the number of compensation cases coming before the courts and additional advertising and translation costs in order to implement the Official Languages Act.

A.4- Postal and Telecommunications Services

Reason for decrease is that Department is introducing some changes in postal practice in order to effect economies in this area - the issue of payslips for UA/UB



Department of Social and Family Affairs

payments made by electronic funds transfer (EFT) will move from a weekly to a monthly basis.

A.5- Office Machinery and Other Office Services

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

A.6- Office Premises Expenses

The increase is mainly due to higher energy costs and the furnishing of new offices.

A.7- Consultancy

Provision is for consultancy assistance, mainly for projects in the IT area but also in the areas of policy and legislative development. Main projects planned for 2005 requiring consultancy assistance include the Service Delivery Model Project (a multi-annual project of change, both technological and organisational, to achieve, on a phased basis, radical improvements in service delivery) and Document Management Project (the process of retrieving, sharing, tracking, revising and distributing documents and the information they contain).

A.8- Agency Services

The increase is due mainly to an expected increase in fees payable to medical certifiers. The Department is currently negotiating a new agreement with the IMO.

A.9- Information Society-E Government-REACH

The essence of the project is to provide a single point of access to a full range of public services in Ireland using the most modern technology and consistent with the highest standards of customer service. The allocation is considered sufficient for expected 2005 requirements.

A.10- Modernisation Society-Modernisation of Civil Registration Service

The project is a customer service initiative involving the implementation of new computer applications and procedures to allow for the electronic registration of births and deaths and the electronic production of certificates. The provision in the 2005 estimate relates to the cost of implementing new marriage registration procedures arising from the enactment of the Civil Registration Act in 2004.

Social Assistance

B – Old Age Pension (Non-Contributory) & Social Insurance Fund (Old Contributory Pension and Retirement Pension)

The increase of 3% in Old Age Contributory and Retirement pensions is driven by the overall increase in the number of people qualifying for PRSI based pensions on



Department of Social and Family Affairs

reaching age 65 and age 66 and is also due to the ageing profile of the population. The greater number of people with social insurance entitlements results in a decrease of 2% in Old Age Non-Contributory Pensions.

The 2005 estimate provides for an average of 120,000 recipients of Old Age Contributory Pension. The corresponding number in the 2004 estimate was 116,500. The increase of 3,500 is due to provision for a trend increase of 3,800 in the 2005 estimate.

C – Blind Pension

The cost of Blind Pension in 2005 has decreased by €0.2m due to no requirement for additional part pay-week costs in 2005.

D – Child Benefit

Child Benefit increases of 3% in 2005 provides for an average of 1,083,000 children. The corresponding number in 2004 estimate was 1,065,000. The increase of 18,000 is due to 2004 emerging at 8,000 higher than the estimate for that year and to provision for a trend increase of 10,000 in the 2005 estimate.

E – Unemployment Assistance & Social Insurance Fund (Unemployment Benefit)

A decrease of 9% in the cost of Unemployment Assistance costs and a decrease of 7% in the cost of Unemployment Benefit reflects the effects of the growth in the economy. In the case of Unemployment Assistance, the 2005 estimate provides for an average of 77,500 recipients. The corresponding number in the 2004 estimate was 79,900. The decrease of 2,400 is due to 2004 emerging at 3,400 lower than the estimate for that year, partially offset by provision for an increase of 1,000 in 2005. In the case of Unemployment Benefit, the 2005 estimate provides for an average of 61,800 recipients. The corresponding number in the 2004 estimate was 70,600.

F – Farm Assist

Payable where the farmer also has non-farming income, such as other self-employment and/or insurable employment, will cost 14% less in 2005. The 2005 estimate provides for an average of 8,700 recipients. The corresponding number in the 2004 estimate was 8,900. The decrease of 200 is due to 2004 emerging at 250 lower than the estimate for that year, partially offset by provision for an increase of 50 in 2005.

G – Employment Support Services

Employment Support Services shows a reduction of 17% in costs estimated for 2005. The 2005 estimate provides for the following weekly average number of recipients:

- Back to Work Allowance 11,000
- Back to Education Allowance 6,570
- Part Time Job Incentive 310



Department of Social and Family Affairs

H – Pre-Retirement Allowance

Increase of 2% due to an estimated increase of 200 in average number of recipients.

I – One Parent Family Payment

Estimate provides for an average of 81,700 recipients. The corresponding number in the 2004 estimate was 81,300. The increase of 400 is due to 2004 emerging at 1,300 lower than the estimate for that year and to provision for an increase of 1,700 in 2005.

J – Widows', Widowers' and Orphans' (Non-Contributory) Pensions & Social Insurance Fund (Contributory Pensions)

Widows' and Widowers' Pensions in 2005 will cost less although provision has been made for an estimated increase of 1,500 recipients of Contributory Pensions.

K – Social Assistance and Other Allowances

Social assistance payments to deserted wives and prisoners wives in addition to Deserted Wives' Benefit were discontinued from January 1997 on the introduction of One Parent Family Payment Scheme. Existing recipients continue to receive payments for the duration of their entitlements. Decrease due to expected decrease in number of recipients.

L – Family Income Supplement

No Change

M – Carer's Allowance & Social Insurance Fund (Carer's Benefit)

Expenditure on Carer's Allowance for 2005 will increase by 2% whereas the estimated cost of Carer's Benefit will fall by 5%. The 2005 estimate provides for an average of 22,800 recipients of Carer's Allowance.

For Carer's Benefit, the 2005 estimate provides for an average of 870 recipients. The corresponding number in the 2004 estimate was 900. The decrease of 30 is mainly due to 2004 emerging at 100 lower than the estimate for that year, partially offset by provision for an increase of 70 in the 2005 estimate.

N – Supplementary Welfare Allowance

In 2005, expenditure on SWA will increase by 4% due to an estimated decrease in basic weekly payments and Exceptional Needs Payments which are offset by an estimated increase on Rent Supplement.

O – Disability Allowance & Social Insurance Fund (Disability Benefit and Invalidity Pension)

Increase by 8%. The 2005 estimate provides for an average of 74,800 recipients. The corresponding number in the 2004 estimate was 69,500. Invalidity Pension



Department of Social and Family Affairs

expenditure for 2005 will increase by 2%. At the same time, expenditure on Disability Benefit will increase by 4%.

P – Free Schemes

Increases takes account of rises in the various tariffs in 2005 (ESB and Natural Gas) and fares (Travel) and to trend increases in the number of recipients.

Q – Money Advice and Budgeting Service

The increase of EUR1.2 million due mainly to provision for higher pay costs arising under Sustaining Progress and to higher overhead costs.

R – Family Support Agency

Increase towards various services (i.e. Counselling Services, Family Resource Centres and the Family Mediation Service) and the provision for an increase in the administration costs of the Agency will increase expenditure by an estimated 3% in 2005.

S1 – Combat Poverty Agency

Increase of €227,000 is due mainly to provision for higher pay costs arising under *Sustaining Progress* and to higher overhead costs.

T – Comhairle

Comhairle, the national agency responsible for the provision of independent information, advice and advocacy on social services to all citizens including people with disabilities within the framework of mainstream information services, is to benefit from an increase of 8%, due mainly to higher administration costs and provision for inflation on other spending.

Other Social Insurance Fund Payments

Expenditure on **Occupational Injuries Benefit** is estimated to cost 1% more in 2005. Increase is due to provision for a trend increase in the 2005 estimate.

Maternity Benefit is estimated to cost 11% extra in 2005. The 2005 estimate provides for a weekly average of 11,000 recipients (which equates with approx. 33,500 Maternity claims). The increase is to provide for a trend increase in 2005.

Although the **Health and Safety Benefit** is estimated to cost 22% less in 2005 this is due to a drop of over 25% in the average number of recipients. The numbers estimated for 2005 are the same as the emerging position for this year.

Costs estimated for **Adoptive Benefit** for 2005 have decreased by 2%. The decrease of €0.01 million is due to an emerging saving in 2004 arising from the average number of recipients being 4 lower than expected, partially offset by the



Department of Social and Family Affairs

cost of the recent increase in the duration of adoptive benefit/leave, from 14 to 16 weeks.

Treatment Benefits, which are available to insured workers and their dependent spouses subject to certain PRSI contribution conditions, cover some or all, of the cost of certain dental, optical and medical/surgical treatments. The estimated cost for 2005 will increase by 8%.

The **Redundancy and Insolvency Payments** schemes are administered by the Department of Enterprise, Trade and Employment, but the costs are a charge on the Social Insurance Fund which are estimated to reduce by 3% in 2005. From January 2005, the earnings ceiling used for the purposes of calculating statutory entitlements will increase from €507.90 to €600 per week (i.e. to €31,200 per annum). This was agreed as part of the mid-term Review of *Sustaining Progress*. The cost of this improvement is estimated at €13m per annum. The decrease of €4 million is due to provision for a decrease in the number of expected redundancies in 2005 (€17m), partially offset by the cost of the increase in the ceiling under the mid-term review of *Sustaining Progress* (€13m).