



## Department of Social and Family Affairs

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### **Minister Brennan- Spending On Social Welfare To Rise To Record Pre-Budget €12.49 Billion In 2006**

#### ***Brennan Sets Out Priorities to Be Addressed In New Social Reform Agenda***

The Minister for Social Affairs, Seamus Brennan T.D., today (Thursday, 17th November 2005) announced that spending on social welfare will increase in 2006 to a total of €12.49 billion – an increase of over €200 million even before announcements in the December Budget are taken into account.

Minister Brennan said the commitment in the Estimates to €12.49 billion was the highest ever spend on social welfare before the inclusion of Budget measures. The 2005 Estimates was for €11.4 billion and this figure was significantly boosted by an additional €874 million in the Budget to give an historically high combined spend last year of €12.2 billion.

Minister Brennan said the 2006 pre-Budget spend represented a virtual doubling of the total social welfare budget of €6.2 billion in 1999.

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 real amount we will be actually spending on social welfare benefits and supports in 2006. 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 the beginning."

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 achieved 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 2006 include:

Old Age & Retirement Pensions	+ €60m
Child Benefit	+ €45m
Carer's Allowances & Respite Care grants	+ €20m
Disability Allowance & Invalidity Pensions	+ €48.4m



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An estimated 992,000 people on average are expected to claim weekly social welfare payments in 2006 and almost 1.5 million people, including dependents, will benefit from these payments.

Minister Brennan said that the €12.2 billion that will be spent on welfare and social supports and entitlements represents one third of all 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."

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, must also actively create opportunity, bring people from welfare dependency to welfare independence by providing stepping stones off welfare assistance to a better standard of living and income. I am interested in welfare reform built on working with people rather than just for them".

Minister Brennan said that the social policy reform agenda includes-

Confronting the unacceptable blemish in 21<sup>st</sup> century Ireland of child poverty

- Seeking to deliver in time 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.



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### **Administration**

#### **Salaries, Wages and Allowances**

The 2006 increase relates to pay increases. There is provision of €6.43m in the 2006 estimate for the cost of and the O'Brien pay award to senior grades.

#### **Travel and Subsistence**

The Department is currently reviewing internal requirements for 2006 under this subhead. It is expected that the allocation in 2006 will approximately equal the Revised Estimate in 2005 which is a decrease of €720,000.

#### **Incidental Expenses**

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

#### **Postal and Telecommunications Services**

The increase of €3.31m is to cover a network upgrade to increase bandwidth from 40kbs to 128kbs. This will ensure that the necessary infrastructure is in place to allow for the transmission of images across the network.

#### **Office Machinery and Other Office Services**

The increase of €6.85m in the estimate is to cater for ongoing developments and initiatives in the Department's ICT infrastructure.

#### **Office Premises Expenses**

The increase of €1.5m is mainly due to higher energy costs and the furnishing of new decentralised offices.

#### **Consultancy**

There is a small decrease in the 2006 allocation for this subhead. The estimate includes a provision of €4.5m for the Service Delivery Modernisation (SDM).

#### **Agency Services**

The increase of €587m is due mainly to an expected increase in fees payable to doctors for the provision of medical certificates and reports. The Department is currently negotiating a new agreement with the Irish Medical Organisation (IMO). When the new agreement is reached, substantial arrears will be payable to doctors with effect from 30<sup>th</sup> June 2004 when the previous agreement expired.

#### **Information Society – REACH\_\_\_\_\_**

The increase of €1.05m is due mainly to additional operational running costs associated with REACH services in 2006 plus the development costs for new services for other agencies.

#### **Information Society - E Government Modernisation of Civil Registration Service**

There is a small increase of €10,000 in 2006 as some further developments including new marriage registration procedures are due to take place during 2006.



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### **eGovernment Related Projects**

This new Subhead is to cater for three eGovernment related projects, which will have a general Public Sector wide impact.

The projects involved are:

- Standard Authentication Framework Environment (SAFE) €1m
- Public Service Identity service (PSI) €1.25m
- Future Customer Development programme €1.5m

### **SOCIAL ASSISTANCE AND SOCIAL INSURANCE FUND PAYMENTS**

#### **Old Age (Non-Contributory) Pension & Old Age Contributory Pension and Retirement Pension (Social Insurance Fund)**

The increase of 5% in Old Age Contributory Pension and 3% in Retirement Pension is driven by the overall increase in the number of people qualifying for PRSI based pensions on 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 3% in Old Age Non-Contributory Pensions.

The 2006 estimate provides for an average of 127,200 recipients of Old Age Contributory Pension, an average of 83,400 recipients of Old Age (Non-Contributory) Pension and an average of 93,200 recipients of Retirement Pension.

#### **Blind Pension**

The cost of Blind Pension in 2006 has decreased by €0.2m due to a projected trend reduction of 30 in the average number of recipients. The 2006 Estimate provides for an average of 1,990 recipients.

#### **Child Benefit**

Child Benefit increases of 2% in 2006 provides for an average of 1,088,000 children. The corresponding number in the 2005 estimate was 1,083,000.

#### **Unemployment Assistance & Unemployment Benefit (Social Insurance Fund)**

A decrease of 3% in the cost of Unemployment Assistance costs and a decrease of 9% in the cost of Unemployment Benefit reflects the effects of the growth in the economy. In the case of Unemployment Assistance, the 2006 estimate provides for an average of 75,500 recipients. The corresponding number in the 2005 estimate was 77,500. In the case of Unemployment Benefit, the 2006 estimate provides for an average of 53,500 recipients. The corresponding number in the 2005 estimate was 61,800.

#### **Farm Assist**

Payable where the farmer also has non-farming income, such as other self-employment and/or insurable employment, will cost 4% more in 2006. The higher than expected number is attributed to a slower take-up of Rural Social Scheme places in the past year than was expected. The 2006 estimate provides for an average of 7,800 recipients.



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### **Employment Support Services**

Employment Support Services shows a reduction of 1% in costs estimated for 2006. The 2006 estimate provides for the following weekly average number of recipients:

- Back to Work Allowance 8,500
- Back to Education Allowance 8,000 in the academic year 2005/06  
8,500 in the academic year 2006/07

### **Pre-Retirement Allowance**

A decrease of 2% is due to a trend decrease of 150 in the average number of recipients. The 2006 Estimate provides for an average of 11,250 recipients.

### **One Parent Family Payment**

The 1% increase in 2006 Estimate provides for an average of 83,500 recipients. The corresponding number in the 2005 estimate was 81,700.

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

Widows' and Widowers' (Non-Contributory) Pensions in 2006 will cost less mainly because of a trend decrease of 500 in the average numbers of recipients. The 2006 Estimate provides for an average of 15,080 recipients (comprising 14,500 widows/widowers and 580 orphans). However, provision has been made for an estimated increase of 2,100 recipients of Contributory Pensions. The 2006 Estimate provides for an average of 111,000 recipients (comprising 110,000 widows/widowers and 1,000 orphans).

### **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.

### **Family Income Supplement**

The increase of 2% is the net result of provisions in 2006 for an increase of 1,900 in the average number of recipients and for a comparatively small increase in the average value of payments. The 2006 Estimate provides for an average of 17,500 recipients.

### **Carer's Allowance & Carer's Benefit (Social Insurance Fund)**

Expenditure on Carer's Allowance for 2006 will increase by 9% and the estimated cost of Carer's Benefit will increase by 6%. The 2006 estimate provides for an average of 26,200 recipients of Carer's Allowance and 900 recipients of Carer's Benefit.

### **Supplementary Welfare Allowance**

In 2006, expenditure on SWA will decrease by 1% due mainly to an emerging saving of €25m on the 2005 estimate, on which the 2006 estimate is based, and to the transfer of EUR19m to the Department of Community, Rural & Gaeltacht Affairs for the Rural Social Scheme.



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### **Disability Allowance & Disability Benefit and Invalidity Pension (Social Insurance Fund)**

The increase in Disability Allowance of 4% will provide for an average of 78,800 recipients. The increase of 6% in Disability Benefit provides for an average of 63,800 recipients and the increase of 5% in Invalidity Pension provides for an average of 59,100 recipients.

### **Free Schemes**

These increases take account of rises in the various tariffs in 2006 (ESB and Natural Gas) and fares (Travel) and to trend increases in the number of recipients.

### **Money Advice and Budgeting Service**

The increase of €1.296 million is due mainly to provision for higher pay costs and to higher overhead costs.

### **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 €559,000 in 2006.

### **Combat Poverty Agency**

Increase of €185,000 is due mainly to provision for higher pay costs and to higher overhead costs.

### **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 7%, due mainly to higher administration costs.

### **Miscellaneous Services**

The increase of €2m arises mainly from provision for an increase of €1.9m in funding for the School Meals community programme.

### **Appropriations-in-Aid**

The increase of €8.436m in 2006 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, telecommunications upgrade, computer infrastructure development and higher agency costs.

### **Other Social Insurance Fund Payments**

Expenditure on **Occupational Injuries Benefit** is estimated to cost €1.7m more in 2006. The 2006 Estimate provides for an average of 14,800 recipients.

**Maternity Benefit** is estimated to cost €2.3m extra in 2006. The 2006 estimate provides for approx. 33,500 Maternity claims.



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Although the **Health and Safety Benefit** is estimated to increase by €66,000 (36%), this is a small scheme, so the percentage change can appear great. The increase is due to an increase of 8 in average numbers of recipients in 2006. The 2006 Estimate provides for an average of 30 recipients.

**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 and optical treatments and medical/surgical equipment. The estimated cost for 2006 will increase by €3.8m.

### **Social Insurance Fund - Income from Contributions**

PRSI contributions are paid by employers, employees and the self-employed. The 2006 Abridged Estimate provides for an increase in the employee ceiling to €46,600, from €44,180, i.e. an increase of €2,420 (5.5%), this is in line with projected earnings increases.

The increase of €623m (11%) is due mainly to the yield from projected growth in earnings and employment levels in 2006 (€448m) and to the 2005 outturn emerging at a higher level than provided for in that year's estimate (€120m).

### **Social Insurance Fund - 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 €14.7m (35%) in 2006 over 2005 is due mainly to the increase in the projected Fund surplus in 2006.

**Press Release Ends**