



An Roinn Coimirce Sóisialaí

Department of Social Protection

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**Opening Statement
by the Tánaiste and
Minister for Social Protection**

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**At the meeting of the
Joint Oireachtas Committee on Education and Social Protection**

CHECK AGAINST DELIVERY

Tuesday 22nd September 2015

Introduction

Chairperson and members, I wish to thank the Committee for the invitation to appear before you to discuss the mid-year position in relation to the 2015 Estimates for the Department and to look ahead to Budget 2016.

I understand that, late last week, my officials provided briefing material for the use of the Committee at this meeting.

This includes detailed financial data for 2015 including the mid-year position.

Briefing on mid-year progress in relation to the DSP performance outputs was sent to the Committee Secretariat over a month ago.

Overview

Each year we make about 85 million payments.

The major element by far of Social Protection expenditure is expenditure on weekly rates of payment.

At the end of August, there were over 1.4 million people in receipt of a weekly welfare payment in respect of almost 2.2 million beneficiaries.

This is in addition to 611,000 families in receipt of a monthly Child Benefit payment in respect of almost 1.2 million children.

The scale of these numbers means that the payments and services operated by the Department impact, either directly or indirectly, on the lives of everybody in the State in one way or another.

These social transfers play a pivotal role in alleviating poverty, and Ireland is the best performing member state in the EU in this regard.

Welfare expenditure also contributes, directly or indirectly, to the wider economy, as people spend their benefits and pensions each week, thereby adding to domestic employment and economic activity.

The importance of welfare spending as a key tool in stabilising demand is recognised here and abroad.

Finally, social transfers provide support across the life-course, from helping to protect children from disadvantage to ensuring an adequate standard of living across all age groups.

In this regard, it is worth highlighting that almost half (47%) of social welfare expenditure relates to payments to pensioners and children.

Labour Market

The Government is driving an economic recovery, stabilising the nation's finances and increasing employment.

Getting people back to work is the Government's priority and we continue to be absolutely focussed on helping people to build better futures for themselves and their families through employment.

The Department's *Pathways to Work* strategy plays a crucial role in this.

Pathways to Work aims to ensure that as many newly created jobs as possible go to people on the Live Register.

Pathways has a specific focus on the long-term unemployed or those at risk of becoming long-term unemployed.

This focus is paying off.

CSO data for August shows that the monthly unemployment rate has now fallen to 9.5%, down from a crisis peak of 15.1%.

It is particularly welcome that long-term unemployment has decreased at a slightly faster rate than the overall reduction in unemployment.

It is now down from a peak of 9.5% to 5.5% in the second quarter of 2015.

Since 2012, 70,000 long-term unemployed jobseekers have moved to employment and we are on track to reaching our 2015 target of 75,000.

Most encouragingly, CSO data shows that employment has increased by well over 100,000 people under this Government.

This means that our ambitious employment target of 100,000 additional jobs by 2016 was achieved one year early.

Budget 2015

Budget 2015 continued the priority focus on increasing employment.

We introduced the new Back to Work Family Dividend scheme and expanded JobsPlus.

There were also a series of measures to help families and the vulnerable.

We increased Child Benefit, the Living Alone Allowance and funding for School Meals.

Social Insurance Fund

Getting a job benefits individuals, their families and their communities.

But it also benefits the public purse, with jobseeker payments falling and tax revenue and social insurance contributions increasing.

While it is the norm for the Social Insurance Fund to require annual Exchequer subventions, the Fund required a subvention of over €2 billion in 2012 because of the recession.

Since then, however, the deficit has declined significantly and 2015 Revised Estimates provides for a much reduced subvention of €180 million this year.

That is very important and welcome progress.

Role of Social Policy

Apart from providing income supports and helping jobseekers return to work, the Department has an important role in the development of social policy and legislation.

A recent example is the Gender Recognition Act, which enables a person to have their preferred gender recognised by the State.

This is vital legislation for transgender people and their families, and represents another significant milestone for equality in Irish society.

In developing this legislation, my colleague Minister Humphreys and I took on board the views of representative groups, transgender people, parents of transgender children, medical practitioners and citizens.

Targets

One of the reasons for inviting me to appear before you today is in relation to the mid-year review of the Department's performance targets.

I understand there has been some discussion about the appropriateness of the Department's targets, particularly in relation to policy-related targets or targets on internal corporate processes, such as those relating to HR or IT systems.

I have just mentioned how important the development of social policy and legislation is to the core work of the Department.

The progression of the Gender Recognition Bill earlier this year is a prime example of this work, which provides real, tangible impacts for the people who will benefit from it.

In relation to internal targets, I think it is vital to say that one of the priorities of the Department is to continually improve its processes and services for the people we serve.

In that respect, it is worth briefly reflecting upon the changes the Department has undergone in recent years.

The Department has welcomed staff from the former Departments of Enterprise, Trade and Innovation as well as Community, Rural and Gaeltacht Affairs, staff of the former Community Welfare Service who

were formally integrated into the Department in 2011, and former FÁS staff who joined the Department in January 2012.

There was an in-flow of more than 3,000 staff to the Department – a transformation of unprecedented scale in the civil service.

The work of the Department has also transformed.

The rollout of Intreo offices across the country provide one-stop shops where a person can make a social welfare claim, avail of the former community welfare services, and be helped to return to work, training or education - all in the one place.

This was not possible only three years ago.

A customer who needed to avail of these three services would have had to register separately three times, resulting in a duplication of time and effort.

This fundamental change has necessitated the integration of very different work practices, cultures and IT systems, while ensuring that the day-to-day work of the Department is maintained at a high level.

When you consider this context, it is understandable why the Department has focussed many of its performance targets on ensuring the success of this transformation.

As time goes by, and the OneDSP programme becomes fully embedded, these types of targets will no longer feature to the same extent.

I recognise the crucial role of the Committee in the scrutiny of the Estimates.

The Department will take on board any comments or suggestions that Committee members may have in relation to improving the presentation of targets in order to assist in this process.

Fraud and Control

I will turn now to recent updates in the area of fraud and control.

It is essential that we maintain public confidence in the welfare system by vigorously tackling any fraudulent activity.

One of the new initiatives undertaken is the secondment of 20 Gardaí to the Department's Special Investigation Unit since December 2014.

Garda officers are now an integral part of the Unit and are carrying out a full range of social welfare fraud investigations.

The Department has carried out an analysis to measure the effectiveness of the pilot over the secondment period.

Up to the end of July 2015, savings of just over €4 million have been generated.

This clearly illustrates that the return on investment is a productive one.

Public Services Cards

Public Services Cards continue to be rolled out.

As of last week, almost 1.6 million cards have now been issued, with 513,000 Free Travel variants.

This has been introduced to enable people gain access to public services more efficiently and with a minimum of duplication of effort, while at the same time preserving their privacy to the maximum extent possible.

One of the key benefits relates to the robustness of the identity registration process in order to minimise abuse.

It is already proving successful.

Using facial recognition software, a number of cases have been detected where individuals were using various identities to make multiple claims in different offices.

Where a match arises these cases are immediately sent to the Department's Special Investigation Unit for priority investigation.

As identity fraud is a matter which generally falls under Criminal Justice legislation, all such cases are referred to the Gardaí for investigation and thereafter consideration of prosecution by the DPP.

Mid-Year Expenditure

As outlined in our briefing, the Department's expenditure is spread across seven programme areas.

Overall, €19.378 billion was allocated to DSP in 2015.

This is equivalent to 39% of Gross Current Government expenditure.

Expenditure to end-June 2015 was 0.8% above the estimate.

Data on expenditure by scheme, service and administration sub-head as at the end of June is shown in Chapters 2 to 9, inclusive, of our briefing as appropriate.

PRSI income at end June was €207 million above profile.

Overall, net Vote expenditure was €136 million under profile at that time.

Given the demand-led nature of nearly all of the DSP schemes, it remains too early at this stage to be definitive as to whether a supplementary estimate will be required later this year or not.

Budget 2016

Looking forward to 2016, the current expenditure ceiling for the Department is €19,276 million.

This is €70 million less than the ceiling for this year.

The 2016 ceiling allows for an increase in expenditure on pensions of €200 million (reflecting ongoing trends) and a reduction of €270 million on jobseekers' payments.

The Government's Spring Statement, published last April, stated that Budget 2016 will include a package within the range of €1.2 billion to €1.5 billion, to invest in services, support employment and boost growth potential while still maintaining fiscal prudence.

The Government has decided that this fiscal space will be split evenly between taxes and expenditure.

The expenditure component, of some €600 million to €750 million, will have to address public sector pay demands, as well as capital and current expenditure.

The scale and composition of the 2016 DSP Budget package is currently under consideration.

I held my annual Pre-Budget Forum on the 3rd of July, during which I listened to the views of almost 40 community and voluntary groups across a range of workshops, which was extremely useful.

It should be noted, however, that at this time no decisions have been taken in this regard.

I welcome the input of the Committee as to which areas of expenditure should be prioritised.

I have also recently indicated that I will be bringing forward proposals to Government to pay a Christmas Bonus in 2015.

Conclusion

I have touched on just some of the key issues relating to the Department this year and next.

I look forward to our discussion here today.

ENDS

