

File Ref and link to page number at index

Lead topic: Social Welfare Expenditure	Sub-topic: Social safety net, poverty reduction, inequality	Contact: Niamh Callaghan, Social Protection Vote
---	--	---

FAST FACTS

Overview

- The largest portion of Government expenditure is allocated to Social Protection with a 35% share in 2016.
- Over the past 20 years Social Protection expenditure increased from €5.6bn in 1996 to €19.8bn in 2016.
- From 2008 onwards and the onset of the economic downturn, Social Protection expenditure increased reaching a peak of €20.9bn in 2011 reflecting the provision of a strong social safety net.

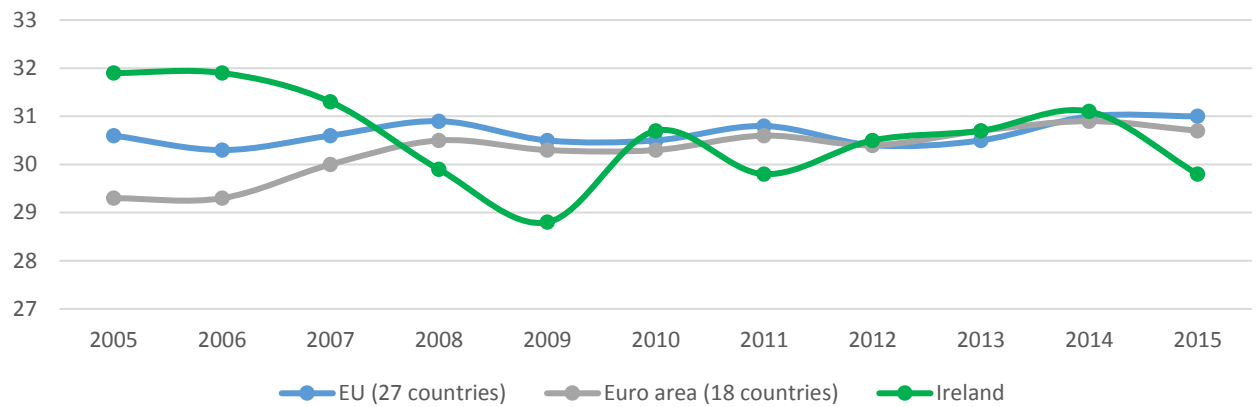
International Comparison

- Ireland's welfare system performs well both in terms of (i) redistributing income and (ii) reducing the number of people at risk of poverty.

(i) Redistribution and reducing inequality

- Ireland's level of disposable income inequality is around the middle of the distribution of European and other advanced economies. The Gini coefficient, a measure of the degree of equality with 0 representing perfect equality and 100 representing total inequality, stood at 29.8 in 2015.
- In recent years there has been some improvement in measures of poverty and inequality, with the Gini coefficient for disposable income falling below the EU average in 2015.

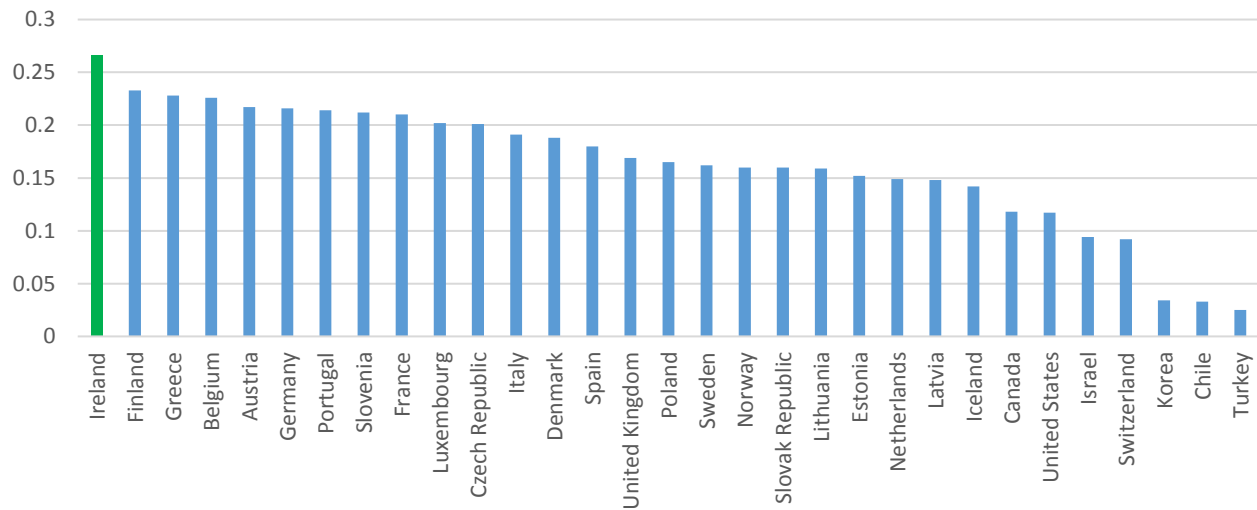
Figure 1: Gini coefficient Ireland versus EU, 2005-2015



(Source: Eurostat)

- Ireland is the most effective country in the OECD at reducing the level of inequality between pre and post transfer income. Ireland's tax and welfare system reduces the Gini coefficient by 0.27, the largest reduction in the OECD as demonstrated in **Figure 2**.

Figure 2: Reduction in inequality between pre and post transfer income, 2014



Source: OECD database

(ii) Poverty reduction

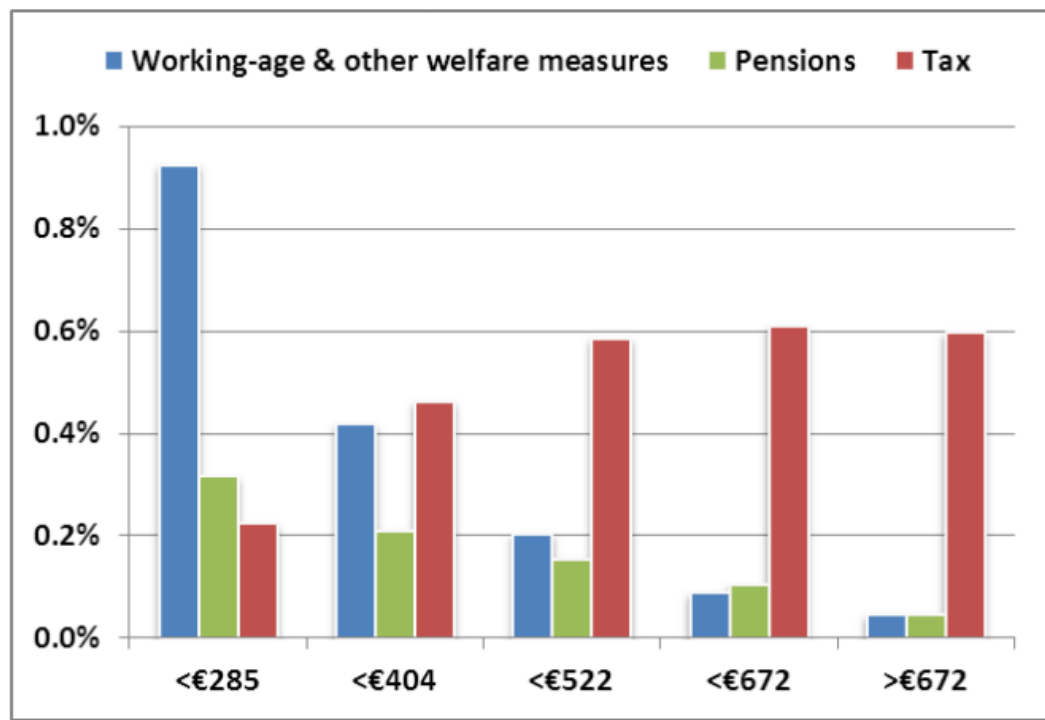
- In 2015, transfers reduced the at-risk-of-poverty rate from 34.9% to 16.9%, representing a poverty reduction effect of 52% and currently Ireland is the best performing EU Member State in this regard.
- Ireland stands out relative to comparators in targeting social spending on poorer households. Almost a third of the social transfers in Ireland are means-tested, the second largest share in the EU.

Recent Budgets

- Budget 2016 and 2017 saw increases in weekly pension payments.
- Budget 2017 saw increases in all weekly social welfare payments (€5 per week). This resulted in the following improvements:
 - Average household incomes increase by 1 per cent (€9.20 per week) as a result of Budget 2017.
 - The bottom two income quintiles gain most, with smaller gains among the middle and top quintiles. The bottom quintile proportionately gained over three times that of the top quintile.
 - Social welfare measures primarily benefit the bottom two quintiles. The weekly payment increase for pensioners results in the bottom quintile gaining 0.3 per cent. The other welfare measures, including the rate increase for working-age adults, benefit those in this quintile by 0.9 per cent.

- Looking at the direct impact on incomes, analysis of Budget 2017 shows clear income gains for all deciles arising from the tax/welfare measures introduced (see **Figure 3**). It also shows that those on lower incomes (bottom quintile) gain most.

Figure 3: Distributive impact of the main Budget 2017 measures (percentage gain in household income by quintile)



Source: SWITCH, the ESRI tax-benefit model

Appendix

Table 1: Total Department Expenditure in 2017 by Programme

Programme	2016 REV Estimate	2016 Provisional Outturn	2017 REV Estimate	Programme expenditure as % of total 2017 REV expenditure
	€m	€m	€m	%
Administration	613	582	643	3%
Pensions	6,974	7,090	7,269	37%
Working Age – Income Supports	3,963	3,948	3,666	18%
Working Age – Employment Supports	1,087	1,009	966	5%
Children	2,587	2,594	2,625	13%
Supplementary Payments, Agencies and Miscellaneous	866	879	863	4%
Total Expenditure	19,625	19,802	19,854	-

Table 2: Working Age – Income Supports (Voted and Social Insurance Fund Expenditure)

EXPENDITURE BREAKDOWN	2016 REV	2016 Provisional Outturn	2017 REV	Change from 2016 Provisional Outturn	
	€m	€m	€m	€m	%
Total provision for payments	3,963	3,948	3,666	-282	-7.1%
Voted Expenditure	3,184	3,190	2,890	-301	-9.4%
Payments from Social Insurance Fund	799	757	776	19	2.4%
Average Receipt Numbers	2016 REV	2016 Provisional Outturn	2017 REV	Change from 2016 Provisional Outturn	
	#	#	#	#	%
Average Receipt Numbers Paid Weekly	376,180	372,195	337,500	-34,695	-9.3%
Numbers Paid as Once Off Payments	599,663	588,456	792,082	293,626	34.6%
Breakdown of Average Receipt Numbers Weekly Payment Vote & SIF					
Relating to Weekly Voted expenditure	308,495	307,532	273,929	-33,603	-10.9%
Relating to Weekly Social Insurance Fund Expenditure	67,686	64,662	63,571	-1,092	-1.7%

Table 3: Working Age – Employment Support (Expenditure Breakdown)

Expenditure Breakdown	2016 REV	2016 Provisional Outturn	2017 REV	Change from 2016 Provisional Outturn	
	€m	€m	€m	€m	%
Community Employment Programme	376.5	356.3	353.0	-3.3	-0.9%
Rural Social Scheme	44.3	42.4	47.7	5.3	12.4%
Tús – Community Work Placement	121.1	118.6	124.8	6.2	5.2%
Job Initiative	20.4	20.2	19.3	-0.9	-4.4%
Community Services Programme	45.2	43.6	46.2	2.5	5.8%
Back to Work Allowance	130.9	124.4	119.6	-4.8	-3.9%
National Internship Scheme - JobBridge	52.0	37.8	15.0	-22.8	-60.3%
Back to Education Allowance	121.1	114.8	105.0	-9.8	-8.6%
Gateway	33.4	21.2	7.3	-13.9	-65.8%
Back to Work Family Dividend	31.9	28.5	14.4	-14.1	-49.4%
JobsPlus	27.2	23.7	20.4	-3.3	-13.8%
Wage Subsidy Scheme	21.6	19.4	25.9	6.5	33.5%
Other Employment Supports	50.6	45.3	53.1	7.7	17.1%
Vote Total	1,076.1	996.2	951.5	-44.7	-4.5%
Partial Capacity Benefit	11.1	13.1	14.5	1.4	10.8%
Social Insurance Fund Total	11.1	13.1	14.5	1.4	10.8%
Programme Total	1,087.2	1,009.3	966.0	-43.2	-4.3%

Table 4: Illness, Disability and Carers (Voted and Social Insurance Fund Expenditure)

EXPENDITURE BREAKDOWN	2016 REV	2016 Provisional Outturn	2017 REV	Change from 2016 Provisional Outturn	
	€m	€m	€m	€m	%
Total provision for payments	3,535	3,700	3,823	123	3.3%
Voted Expenditure	2,185	2,331	2,443	112	4.8%
Payments from Social Insurance Fund	1,350	1,369	1,380	12	0.8%
Average Receipt Numbers	2016 REV	2016 Provisional Outturn	2017 REV	Change from 2016 Provisional Outturn	
	#	#	#	#	%
Average Receipt Numbers Paid Weekly	300,060	304,928	315,079	10,152	3.3%
Average Recipient Numbers Paid Every 4 Weeks	45,278	46,804	44,490	-2,314	-4.9%
Numbers Paid as Once Off Payments	93,180	94,072	100,065	5,993	6.4%
Breakdown of Average Receipt Numbers Weekly Payment Vote & SIF					
Relating to Weekly Voted expenditure	183,533	188,853	198,955	10,102	5.3%
Relating to Weekly Social Insurance Fund Expenditure	116,527	116,075	116,125	49	0.0%