

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM CHOIMIRCE SHÓISÍALACH, FORBAIRT POBAIL AGUS TUAITHE AGUS NA HOILEÁIN

## JOINT COMMITTEE ON SOCIAL PROTECTION, COMMUNITY AND RURAL DEVELOPMENT AND THE ISLANDS

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*Dé Céadaoin, 25 Samhain 2020*

*Wednesday, 25 November 2020*

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Tháinig an Comhchoiste le chéile ag 9 a.m.

The Joint Committee met at 9 a.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Joe Carey,	Róisín Garvey,
Claire Kerrane,	Eugene Murphy,
Éamon Ó Cuív.	Mark Wall.

I láthair / In attendance: Deputy Matt Shanahan.

Teachta / Deputy Denis Naughten sa Chathaoir / in the Chair.

## **Pandemic Unemployment Payment Scheme: Department of Social Protection**

**Chairman:** I ask witnesses to turn off their mobile phones as they interfere with the recording equipment. I also remind members to sanitise their desk area and seat when leaving the committee room. The main item on our agenda is our consideration of the pandemic unemployment payment scheme. I welcome officials from the Department of Social Protection, Mr. Rónán Hession and Ms Teresa Leonard, both assistant secretaries, who are joining us remotely. They are very welcome.

Speaking not just for members of the committee but for all Members of the Oireachtas, I thank the witnesses and each and every member of their teams for the work they have been doing over the past nine months in processing claims for the pandemic unemployment payment as expeditiously as possible, as well as for dealing with queries raised by Members of the Oireachtas in a prompt manner. It is not unusual for any of us to receive replies from officials in the Department late in the evening or on Saturdays indicating that documentation is outstanding or that something needs to be addressed. I take this opportunity to thank each and every one of the staff for their work and their commitment.

The committee recently commenced an examination and a review of the pandemic unemployment payment scheme as administered by the Department of Social Protection and has sought public submissions on this matter. Today's engagement will assist the committee as we work to present a report on our findings to the Minister in advance of the social welfare Bill coming before the Houses. As part of our ongoing work, we are also examining the interaction of the pandemic unemployment payment with the temporary wage subsidy scheme and the employment wage subsidy scheme. We will publish submissions on the committee's website. There have been clear anomalies in the operation of the pandemic unemployment payment, which is understandable as it was introduced literally overnight. There have also been issues in its interaction with the various wage subsidy schemes since those supports were introduced last March, and thousands of people and families have been impacted. We look forward to engaging with the witnesses on these matters.

Members of the committee and of the Houses have absolute privilege in respect of statements made to either House of the Oireachtas or before a committee. By virtue of section 17(2) (l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence they are required to give to a committee. However, if during the course of the committee proceedings they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are also directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against a Member of either House of the Oireachtas, a person outside the Houses or an official by name or in such a way that would make him or her identifiable.

I now call Mr. Hession to make an opening statement of five minutes. If he so wishes and if it makes it a little easier for him, he may take his mask off.

**Mr. Rónán Hession:** I thank the Chairman kindly for his opening remarks on the Department and the work being done by our teams. I thank him and members of the committee for the invitation to attend to discuss the pandemic unemployment payment scheme, or the PUP, as it is known. My name is Rónán Hession and I am the assistant secretary general in the Department

of Social Protection with responsibility for working-age policy. I am joined by my colleague, Teresa Leonard, who is assistant secretary general with responsibility for operational matters.

The PUP was introduced in March of this year as an emergency response to the huge and sudden increase in the loss of employment arising from the imposition of necessary public health restrictions to address the Covid-19 pandemic. It was introduced first at a rate of €203 per week as a means to fast-track payment of an unprecedented volume of claims. The intention was that claims from people with qualified adults or dependants would then be prioritised and re-rated at an appropriate higher rate of payment. When, given the claim load, it became evident that this would not be possible, the rate of payment was increased to €350 and aligned with the rate for a two-person household on a standard jobseeker claim. This payment rate was also broadly equivalent to the net weekly earnings in the two most affected sectors, namely retail and hospitality. Within two weeks of the PUP being announced, we received and processed 389,000 applications. This was equivalent to a 19-month claim load in one fortnight. By the peak on 5 May, we were issuing payments to 602,000 people at a cost of some €209 million per week. By that time more than 1.1 million people were in receipt of State supports either via the live register, the PUP or the temporary wage subsidy scheme.

Changes were subsequently introduced in June to link the payment rate to prior earnings, and since the move to level 5 restrictions the PUP is paid at four rates as follows. For those with prior weekly earnings of less than €200 per week, the rate of the PUP is €203 per week. On average, this is 190% of prior earnings. For those with prior weekly earnings between €200 and €299.99 per week the rate of the PUP is €250 per week. On average, this is 106% of prior earnings. For those with prior weekly earnings between €300 and €399.99 per week the rate of the PUP is €300 per week. On average, this is 90% of prior earnings. A person who previously earned €400 or more per week receives a PUP rate of €350 per week. On average, this is 58% of prior earnings.

In addition to the changes to payment rates, and as outlined in briefing material provided last week, the Department has, since the PUP was introduced, enhanced the processes and systems used to verify prior employment status and earnings. All claims are now checked against Revenue Commissioners records of employment and earnings to validate prior employment status and to set the correct rate of payment. Where a person's employment status or earnings cannot be validated, he or she is contacted and invited to submit supplementary information to enable us to check his or her status and to process the claim to completion.

On 16 November we issued payments valued at €103.8 million to 350,072 people in receipt of the PUP. To date, numbers in receipt of the PUP have therefore increased by just under 150,000 since restrictions were introduced at the start of October and by just under 106,000 since the introduction of level 5 restrictions on 7 October. These figures are in addition to the 203,172 people who were reported as being on the live register as of the end of October.

From a sectoral perspective, those most impacted sectors, measured in terms of PUP recipients during the initial onset of the pandemic, included accommodation and food, wholesale and retail, and construction. All three recovered to varying degrees during the lifting of restrictions over the summer. With the introduction of restrictions, the accommodation and food sector is impacted to the most significant extent, with wholesale and retail impacted to a lesser extent than may have been anticipated.

From a regional perspective, while the introduction of level 5 restrictions has seen increases across all regions, PUP numbers remain below peak levels in all areas.

In age terms, under-25s make up a proportionately higher share of current recipients than was the case at the peak. Given the high concentration of young workers in hospitality and retail, this is unsurprising.

As for gender, at the peak just over 40% of recipients were female. The most recent data, which capture the initial impact of level 5 restrictions, indicate that the proportion of males and females on the PUP is now almost equal. This is likely a consequence of the different sectoral composition of those on the PUP compared with the initial peak. For example, construction, which is a largely male-dominated industry, employs more than 148,000 people across the country and was closed at the initial phases but remains open under level 5.

A number of changes have been made to the PUP scheme in recent weeks. Following the announcement in the budget, it is now possible for a self-employed person to earn up to €480 in a four-week period without it affecting his or her PUP claim. This addresses concerns raised in particular by taxi drivers and those in the arts and culture sector. We have also revised the reference period for the calculation of prior earnings in order that those with employment records since February can receive the appropriate PUP payment.

We have a number of important projects under way, including payment of the Christmas bonus. The bonus will be paid at 100% of the relevant PUP rate of payment. The PUP bonus week is the entitlement week ending 3 December 2020. A person who has been in continuous receipt of PUP since Friday, 7 August, will satisfy that condition. In addition, any person in receipt of the PUP for the week ending 3 December who has returned to work and who has an aggregate of at least 17 weeks on the PUP will also qualify for the bonus on the pay date of 8 December. In other words, the 17 weeks do not have to be continuous.

Before I conclude, I wish to pay tribute to the staff within the Department who have worked tirelessly since March to ensure that those affected by the Covid restrictions receive the financial support they need. This has been demanding at a time when, as a Department, we have had to adapt our work practices in order to prioritise the safety and well-being of our staff and customers. We have provided briefing to the committee setting out further detail on the scheme, which I hope is useful in informing the committee's deliberations. We are happy to take any questions.

**Chairman:** I thank Mr. Hession. Two of the big issues that have been raised with committee members have been the position of Aer Lingus staff and getting their applications processed and the music and entertainment industry. Perhaps the witnesses could elaborate on those two issues at the outset and clarify them for members before we go into questions and answers.

**Mr. Rónán Hession:** I will address the arts and culture issue and then ask my colleague to speak on the Aer Lingus issue. I think approximately 12,000 people from the arts and culture sector are currently claiming the PUP. The size of the sector overall is approximately 55,000 people, according to the CSO data. At the peak approximately 14,000 were on the PUP, so the current figure is slightly below the peak. A number of different issues have been raised with us by this sector. Many of the people in the sector are freelance, and there was a question around their ability to do a small amount of work without losing the PUP. Originally, when we were interpreting the legislation, we had given advice and guidance that people were able to do a small amount of work if it was intermittent, sporadic, etc. In response to concerns raised by the sector, one of the measures announced in the budget was the introduction of a €480 earnings limit for those people so they had clarity on what they could earn while still retaining their PUP payments. There are further measures for people who earn beyond that limit through the

part-time job incentive to allow them to return to a position of fuller employment. There is a wide range of issues in this sector. The Minister, Deputy Martin, has published a task force report which addresses a wide range of issues beyond social welfare, going into what that sector needs. Clearly, the sector has been heavily impacted by the pandemic and faces a number of challenges, but overall we have tried to continue positive and constructive engagement with it. Overall, we have tried to continue to engage positively and constructively with the sector. I was a member of the task force on arts and culture. We have had a good dialogue over several months and we have tried to be responsive to issues that have been raised.

I will ask my colleague, Ms Teresa Leonard, to speak on the Aer Lingus issue. I am happy to answer any further questions on this area.

**Ms Teresa Leonard:** I would like to refer to Aer Lingus staff, their applications for the Covid-19 pandemic unemployment payment and the controversy around that issue during the summer. There are several things at stake here. We have been actively involved with the Aer Lingus staff since 1 September. All the applications we have received in that period have now been processed. More than 3,200 cases are involved. To put the whole issue in context, two schemes to support employers and employees in employment are currently operating. The temporary Covid-19 wage subsidy scheme was introduced early this year. Aer Lingus took part and its employees were paid using that scheme. The temporary Covid-19 wage subsidy scheme is not compatible with the Covid-19 pandemic unemployment payment. A claimant cannot receive both. The temporary Covid-19 wage subsidy scheme marks a recipient as employed. At that point, some Aer Lingus employees made applications to the Department which have not yet been processed. On 1 September the temporary Covid-19 wage subsidy scheme was replaced by the employment wage subsidy scheme, which is payable to the employer. That payment is compatible with jobseeker's benefit. The Department has processed all of those claims, which I referred to initially.

We have now set up a group of deciding officers to process the claims from the period prior to 1 September. Each of these claims is quite complex and must be examined individually. We must determine whether a claimant received the temporary Covid-19 wage subsidy scheme, the periods of time for which he or she did so and the periods for which he or she was employed. Employers paid remuneration to some employees for some periods and actually increased their wages. The temporary Covid-19 wage subsidy scheme allowed employers to top up employees' wages. As such, claims made prior to 1 September are very complicated. The only way to examine them with any thoroughness is to set up a group of deciding officers, which is now working on them one by one. That work commenced last week. We will go through each and every claim and determine an outcome for each individual.

We have also made an arrangement with Aer Lingus. If we ask its employees for particular information, Aer Lingus is aware of what we require and will immediately supply it to the claimant via email. It will take time, but we hope to get through the claims in the next several weeks.

**Deputy Claire Kerrane:** I thank Mr. Hession for his opening statement. I would like to ask a couple of questions arising from the statement and the briefing document. The initial rate of the Covid-19 pandemic unemployment payment was €203. It quickly moved to €350. Would it be fair to say that it was acknowledged that a worker who had lost his or her job could not live on €203, particularly in light of the fact that the highest rate of €350 just about covers half of the average worker's prior earnings?

It was announced in the recent budget that people could earn €480 per four-week period and retain the Covid-19 pandemic unemployment payment. Do the witnesses have any idea how many workers have taken advantage of that and in which sectors it has been utilised? That was referenced in the submission to this committee from the Irish Congress of Trade Unions, ICTU. The cuts, or “calibrations” as I think they have been called, are due to be introduced in February. The Covid-19 pandemic unemployment payment rates will be reduced to €250 and €203. Has that been reconsidered in light of recipients’ prior earnings?

According to emails I have received, the issue for Aer Lingus workers did not so much concern the payments and their administration. Employees were being actively blocked from getting their forms signed by their employer. I raised this with the Minister for Social Protection, Deputy Heather Humphreys, and she acknowledged that the Department had spoken to Aer Lingus on several occasions. That kind of carry-on sets a very dangerous precedent. Any future engagement with Aer Lingus must include how these things are resolved with employees. All TDs received horrific emails from Aer Lingus employees who were in really difficult situations. We do not want to see that happening again.

The briefing document makes several references to the fact that those currently on the €203 payment, who had prior earnings of €200 or less, are better off than when they were at work. I have heard that said a lot and I do not think it is a good thing. It points to much bigger issues of working poverty and the prevalence of low pay. I do not like that kind of language and I have heard it quite a bit. Since the legislation came in one of the qualifying conditions has been that a claimant must be genuinely seeking work. How is that monitored? Have referrals been made to job activation schemes? Can the witnesses give us a little bit more information on what is actually required for a claimant to show that he or she is genuinely seeking work? Are there sanctions or penalties if that requirement is not met, or are such measures being considered for the future?

Travel outside the State is also referenced in the briefing document. In its submission to this committee, representatives of ICTU stated that they had sought clarification on the criteria used to identify which flights were to be checked by departmental officials. People were really shocked by that operation when it was reported in the news. I would like more information on who decided on that operation and how it worked. I would also like an answer to ICTU’s question.

I have a further question about how claimants apply for the Covid-19 pandemic unemployment payment. What was the rationale for removing the form from the website and asking claimants to send an email requesting it? I welcome the efforts to pay arrears before the end of the year. Do the witnesses have any idea of how many recipients will be due arrears? Can they confirm that they will be paid before the end of the year? I would like to clarify that to receive the Christmas bonus, a claimant does not need to be on the Covid-19 pandemic unemployment payment the week it is paid, once he or she has been previously been on it for four months, continuously or otherwise. I think the bonus is issued on the week of 7 December. Does a claimant need to be on the payment on that week to receive the Christmas bonus?

There has been a lot of mention of the social insurance fund. The Parliamentary Budget Office gave us a great briefing on these matters. How concerned should we be about the social insurance fund? Is the Department looking at any ways to fix what will obviously be a big issue for the fund?

**Ms Teresa Leonard:** I thank the Deputy. I will take some of the operational questions

and then yield to Mr. Hession. We may both comment on some of those issues. The Deputy's first question was about the change in the rate of payment from €203 to €350. I would like to provide some context for the change. We introduced the Covid-19 pandemic unemployment payment very quickly, as the committee acknowledged. The initial rate was €203, which was the standard rate of jobseeker's allowance at the time. The Covid-19 pandemic unemployment payment was initially introduced to ensure that people stayed at home when they were expected to or to compensate them when their employment disappeared. With that in mind, the payment was increased to €350 to make it equivalent to the rate for a two-family household and to make sure people did not feel they had to go to work. Mr. Hession will explain the work issues a bit more.

We have been in constant communication with Aer Lingus on this issue. The company is very aware of what will be needed if an employee approaches them seeking information for the review we are carrying out. It has agreed the documentation with us, meaning there is no issue with that matter as far as we are concerned at this point.

The genuinely seeking work, GSW, conditionality has been brought into the pandemic unemployment payment, PUP. It is being treated lightly and sensitively. In fairness, we are not pursuing anybody at this point in time. Activation services are available to anybody on PUP, should he or she require them. However, we are not actively at that nor are we applying any penalties or reviews now.

It is a scheme, however, for which people are available for work. That is part of the conditionality for it. As of now, we have not done any review of anybody. We are encouraging people, should they wish, to get any activation services as they are available to them. We have not formally invited anybody to our activation services, however.

The arrears project is well in hand at this point. We have done a huge amount of work over the past number of months to get it organised and ready for payment. We hope to make a payment next week to most customers who are due arrears. There will be some particular candidates who may not get arrears, however, because of the complexity of it and that the relevant information is not fully available to pay them should they have an entitlement.

It is important that the committee realises the complexity of doing arrears. When calculating and issuing arrears for customers, we have to look back over the customer's whole record. It is important to bear in mind that we have had over 800,000 customers with just under 1.4 million claims for PUP and we have issued over 13 million payments so far. With that in mind, in the same period, the temporary wage subsidy scheme is in place, which is not compatible with PUP, but there was an interaction between the two. Some customers have blanks in their records in that they may have been employed during that period and may have received the temporary wage subsidy scheme. If they missed a week's period, they may have been paid by the community welfare service. We have to check back on those payments over that period.

In addition to that, if a payment fell out, we did pay them the following week. PUP is not compatible with other primary schemes with the exception of some schemes like carer's allowance, disability allowance, one-parent family and working family payments. We have paid it in conjunction with these. There are other schemes, such as jobseeker's and illness benefit, with which it is not compatible. In those cases, we have to check to ensure somebody was not in receipt of those during the same period.

The actual complexity of arrears and getting them out the door lies with the comparisons

and checking we have to do to make sure we are actually paying people appropriately, not overpaying or underpaying them. We hope next week that the majority of cases will be paid. There will be a small minority which we will have to do manually. These will follow. Due to the complexity of their actual cases, we feel an officer needs to look at them because we cannot programme any solution to pay them. That will be done manually.

Somewhere between 250,000 and 300,000 is our expected number of customers to be paid. We will know more later on in the week.

The Christmas bonus, as my colleague stated in his opening statement, will be paid on 8 December. It is for anybody who has to be on PUP on the week ending 3 December. The 17-week period to qualify for the bonus payment can be made up of any period in the past 36 weeks. This is week 36. Yesterday, we paid PUP for that week. It is any week in that. If there was a period of unemployment in that period, that can be used to add up to the actual 17 weeks. It is very much a case of working through the 17 weeks and giving it to people. However, they have to be on PUP the week of 3 December. Even if they sign off to go back to work, anytime during the week, they will get their bonus payment.

**Chairman:** Will Ms Leonard clarify her last comment on that? It is quite significant in terms of the lifting of the lockdown next week. If people sign on any day next week, will they be eligible for it or must they have signed on on 3 December?

**Ms Teresa Leonard:** The PUP calculated arrears week works from a Friday morning to a Thursday evening. It is anybody who is part of the PUP in that week from this Friday coming until 3 December. Anybody who has had any day that they are not working in that period and only signs off to go back to work any day in the week will still get their PUP, provided they sign off that they are going back to work. If ones sign off to go back to work on Monday, 30 November, one will still get one's PUP because one is actually on the scheme in the week ending on 3 December. PUP is paid by weeks, not by days.

**Mr. Rónán Hession:** The €203 rate was introduced at the jobseeker rate initially. The idea at that stage was that PUP would be a six-week scheme. We needed to get money out to people quickly before we were able to put them on to a proper jobseeker scheme. That was the standard rate. The movement to the €350 rate was not so much a commentary on the adequacy of the €203 rate but more a recognition of the fact that it would take longer to do that and people had dependants and so forth.

We do not have numbers on the people availing of the €480 threshold under PUP. People are not required to report that to us. They are required to keep records in case we need to check that. That is why we do not have details available on that.

On the February rate change, the Minister said during the budget that the question will be revisited towards the end of year. Over the coming weeks, the Government will have to assess the current situation in light of the trajectory of the pandemic and the economic situation and then take a position on that February change.

On the question of the working poor and the number on the €203 rate, given the level of the minimum wage at €10.10 an hour and moving to an extra increase in January, the chances are that the people in that cohort are part-time workers. One can only get 20 hours on the minimum wage to be under the €203 threshold. Until recently, the Department was responsible for the national minimum wage. We are conscious of the issues of low-wage jobs, employment rights

and ensuring we avoid in-work poverty. Many of our payments continue to be paid as people work, such as working family and jobseeker payments. They allow for a degree of work. We are always mindful of that issue. The €203 threshold is more likely, given the statutory minimum wage, to be a reflection of part-time workers.

On travel, we have not done inspections at airports for quite a number of months and we do not plan to resume them. In the case of the flights that were inspected, a factor was the low level of flights coming in and out of the country at the time. We also did inspections at ports at that time. In terms of the criteria, it was a factor of the inspectors operating at the airports at the time, looking at what flights were available and making a call on the ground.

Since the legislation came in on 5 August, the full cost of PUP has been drawn from the Social Insurance Fund, SIF. The total cost of PUP for this year is €5 billion, along with €94 million. The latter is largely the budget for the Christmas bonus. We are up to €4.3 billion at the moment. Clearly, this is a big draw on the SIF which we had not expected at the beginning of 2020. That clearly is an issue which needs to be examined.

**Deputy Éamon Ó Cuív:** I join in thanking the staff of the Department of Social Protection. We certainly get a good and interactive service, which is important. The staff are willing to talk to Oireachtas Members as they recognise we represent people. When we get on to the Department on behalf of constituents, we obviously have their permission. It makes our life a lot easier. It is a pity that not all other agencies in the State operate with the same kinds of interactions. It is not only that the Department comes back quickly, but it also comes back with comprehensive answers when we ask further questions. There is a great willingness to deal in detail with the kinds of issues that arise. Social welfare, by its nature, is complex.

I have a few questions. One of the most significant things that jumps out to me is that those who are getting the full rate of €350 on the pandemic unemployment payment, PUP, are only, on average, getting 58% of what they were earning previously. That is a significant loss of income. I have mentioned this time and again. Some of that cohort are renting and entitled to rent supplement, as far as I understand, if they qualify under a means test. However, further up the income scale, a fair number of the people affected would have significant mortgages and young families. I understand that such a person would not be entitled to child dependent allowance and there is no mortgage interest supplement. I do not know if our guests covered the philosophy of the policy when it was introduced but was consideration given to reintroducing a scheme that existed for as long as I can remember until 2014, namely, mortgage interest supplement? That would have been an option instead of depending on the banks. We all know how kind banks are, as charitable organisations. They are not. They are run by hard-headed business people and if someone gets a moratorium on repayments, the banks will come after them, looking for that money back. I am thinking of the cohort of people who might have been on €1,000 a week and paying a big proportion of that on their mortgage, people with a family and the costs that go with it. Those people were hit by the pandemic and, we now know, are only getting, on average, 58% of what they were earning. The higher up the pay scale one goes, the lower that percentage. The percentage is higher the nearer a claimant was to earnings of €300 or €400 a week. Was consideration given to the reintroduction of mortgage interest supplement as a policy instrument?

I do not know whether our guests have the figures I am going to ask them about now but it is a matter about which we should think. As Mr. Hession pointed out, there is a minimum wage in the country and any company that was not paying the minimum wage was breaking the law. That means that people who were earning less than €350 were, by definition, part-time work-

ers. That is a mathematical certainty. Do we have any information as to how many of those are voluntarily part-time workers? There are quite a number of those. I often come across people who choose, for family circumstances or whatever, to work on a part-time basis. On the other hand, how many are forced part-time workers - in other words, workers to whom the employer does not give the work and so the worker has no choice other than to be a part-time employee? There is also a third cohort. Do we have any idea how many part-time workers were students who were working to try to put themselves through college? Those people worked particularly in fast food, retail and so on and lost out on that income on which they were totally dependent in order to keep the ship afloat while they were trying to get an education. Those figures would tell us something about student grants and a whole lot of other things that are not the immediate concern of our guests. We should learn from everything that has been going on with the PUP. There are a lot of good lessons, and some hard lessons, to be learned.

The PUP was due to end and I now hear noises that this might not happen. Can our guests confirm that if there are to be continuing lockdowns of sectors of the economy, or, for example, restaurants and so-called wet pubs are allowed to open over Christmas but are locked down again in January and February, that there will be a PUP for which workers in those affected areas will be able to reapply? Workers might move away from the PUP before Christmas but be forced be back to it in the new year, although please God that does not happen. Can our guests confirm that such people will be covered by the PUP?

I thought it was strange that the “genuinely seeking work” caveat came in, whoever was responsible. I know it was said that the rule is not being applied, and I welcome that, but I hate rules that are not applied because some day, somebody will wake up and decide to apply it. When asked why they are applying it, they can then say it was the rule for the past six months, or whatever. My view is that if there is a rule, apply it. If a rule is not going to be applied, do not have it. Otherwise, we get into the area of *Alice in Wonderland* where we have a rule but do not apply it before some day, someone suddenly starts applying it, saying that we have had this rule for ages. People are concerned about this. Consider somebody who had a good job for all their life and worked for the past 30 years in a restaurant. The job will be there for them when the restaurant reopens, please God. The person does not need a job because they have one, albeit they are out of work in the short term, in the greater scheme of things, because of a situation that will not happen again on a recurring basis. It is a pity that the caveat was put in. These sorts of things seem perennially to get thrown in and it does not seem to make sense.

A valid question was raised about the Social Insurance Fund. Back in 2010, the fund ran dry. In the noughties, there was quite a lot of accumulated savings in the Social Insurance Fund. In other words, the social contributions that were being put aside for the rainy day, pension budgets and so on exceeded expenditure out of the fund. As a result of the downturn between 2008 and 2012, the Social Insurance Fund ran dry in 2010. The Exchequer gave advances at that time and if one looks at Exchequer returns for the following few years, one can see the advances and their repayment. Some time in the middle of the 2010s, all the money was paid back and no advances were needed during the year. Can the witnesses tell us how much was saved in the Social Insurance Fund? In other words, what was it worth on 1 January 2020, before we were hit by the Covid-19 tsunami? The Department has stated that €5 billion over and above has been spent. Is the fund still in credit or has it gone into deficit? If it is in deficit, I presume the Exchequer is temporarily funding it and will recoup its investment in the Social Insurance Fund as things get back to normal. Those are my questions.

**Mr. Rónán Hession:** I will quickly run through them because there are some housing issues

there that I may be able to deal with up front and my colleague might come in on anything I miss. We may have to come back to the Deputy on one or two points.

The Deputy made a legitimate point about the position of a cohort of those receiving the PUP at a rate of €350. Approximately 46% of PUP claimants are on that €350 rate and, even with that support, we recognise there is a significant drop in income for a large number of people in receipt of the payment. The means or income test for rent supplement was adjusted to reflect the payment of PUP at the €350 rate so we were not giving people a PUP which was affecting or knocking out their rent supplement payment. At the start of the year, rent supplement was approximately €15,000 or €16,000. It went up to over €20,000 and it now back to just under €20,000.

The Deputy asked about reinstating mortgage interest supplement. He is right that the scheme stopped to new entrants in 2014. It is not an issue at which we looked. I know that there have been various other statutory protections introduced by the Minister responsible for housing to try to address the position for people who are under pressure with their mortgages. The mortgage interest supplement was not a part of our thinking at that stage of the process. To be honest, in terms of the size of the problem we were dealing with, our immediate focus was primarily to lead on the income supports and try to make sure we could address those. The wider housing complexity would have been difficult for us to take on at that stage. I do not have the figures here with me on unemployment - voluntary, forced or otherwise - but I know there are figures produced by the CSO on the degree of underemployment among those who are currently working part-time but have the capacity or ability to work more than that. I am happy to send those figures to the committee after the meeting. The number of students receiving the PUP is around 26,000. As the Deputy has said, there were many people who were studying but also working to try to support themselves through college. Like others, they lost their employment after 13 March because of the pandemic. They have an entitlement to the PUP and are being paid at a rate that is linked to their prior rate of pay. I can confirm to the Deputy that, arising from a decision taken yesterday by the Government and announced by the Minister, the PUP will remain open to new applicants until the end of March 2021. In cases like that outlined by the Deputy, where people go back to work for the Christmas period and then go into unemployment, the PUP will be available for them to submit a claim after that period.

I note the Deputy's points on the genuinely seeking work rule. To some extent, I cannot comment on the merits of Government policy on this issue other than to say that the PUP is an unemployment payment with the standard features that entails, and the genuinely seeking work rule is part of that. I accept Deputy's point that a rule is a rule and we should not decide in a spontaneous way when to apply it or not to apply it. Bearing in mind that the pandemic is a very different economic environment, however, we do not think it is a problem for a person to fail to look for work while their sector is closed. If a person is working in the hospitality sector, for example, their job is not available to them because their workplace is closed due to the shutdown of the wider sector. We take a proportionate view of that.

I do not have the figures with me on the opening balance of the social insurance fund, but we will provide the Deputy with those figures in a follow-up response. Perhaps my colleague, Ms Leonard, has something to add.

**Ms Teresa Leonard:** I would like to make a point in respect of the €350 rate and the actual income it amounts to. The €350 is net income, so the annual gross figure would be equivalent to approximately €20,000. I will return to the issue of the genuinely seeking work rule because I did not do a great job of answering the question the first time. I was going to go back and clarify

the matter for the Deputy. Although the environment and the times we are in mean that we are perhaps not applying the genuinely seeking work rule as religiously as we normally would, it is there and it is a rule that is applicable to the PUP scheme. I should say that activation supports are available to people if they want to interact with them directly. In the new year it is likely that we will do something on activation in respect of PUP recipients.

**Chairman:** I will now move to other members of the committee. I gave a bit more discretion to the two lead questioners earlier, so I will try and keep things tighter now.

**Senator Mark Wall:** I would like to be associated with the comments of other members of the committee on the work of the staff. The statistic that has struck me this morning from the two witnesses is that 18 months of work was carried out in two weeks. That is a tremendous achievement. The staff working in the Department are an asset. I would like to express my thanks to them for their work, and also for their responses to the queries we raise.

Mr. Hession said that he was part of the task force on the arts sector. He has told us that 12,000 people in that sector are currently in receipt of the PUP, which is just over 20% of the CSO figures. Through his work as a member of this task force, does he have any idea what the other artists and people involved in the arts sector are on at the moment? Are they struggling? Are there issues with PUP that are causing them not to apply for it? It seems to me that 20% is a very low figure. At its height it was only 25%, which is low considering the emails we have received from people in the arts sector about the issues and concerns they have. Has the task force come up with anything else in relation to the inability of artists and others in this sector to apply for the PUP?

I have another question, which I have raised before at this committee. It concerns those under the age of 18 who are paying tax and PRSI, but do not qualify for the PUP because it is confined to those over 18 years of age. Are any figures available on the number of 17-year-olds who may have lost their jobs but are not in receipt of the PUP? Perhaps the witnesses have some figures on that. It has been raised with me by a number of people that young people who have paid their taxes are not in receipt of the PUP.

Deputy Ó Cuív mentioned the issue of child dependants. His question was not answered in the last round of questioning, so perhaps it could be answered now. It is a serious concern for me, particularly in respect of low-income families. I had a case yesterday which concerned somebody who is in receipt of €203 - the lowest PUP rate - and is trying to survive with two children on this amount. This person cannot get a child dependant payment. Is there any other payment for which they can apply to bring up their income level, or anything else they can do? It does seem that receiving a payment of €203 with two children, and everything that goes along with Christmas, is a very low payment. Perhaps the witnesses could address that issue.

I share the concerns raised by others on the genuinely seeking work rule. Has an instruction been given to the staff of the Department's local offices not to enforce this rule? It is important that this is clarified today, because we do not one member of staff to be telling applicants that it is being enforced because the rule is there, while another member of staff is telling them that it is not being enforced. There must be one rule for all. Like other members, I am asking for confirmation that that is the rule.

Do the witnesses have any comment on how the social insurance fund might affect the State pension age and qualification? It has been mentioned before in commentaries that the fund will help us to reduce the age of qualification for the State pension. Will the €5 billion that has been

taken out of the fund, as we have heard, be used for PUP payments only, or is it also for other Covid support payments? The witnesses might clarify that.

Mr. Hession mentioned the 26,000 students in receipt of the PUP. I have received queries from a number of students on the taxation implications of the PUP for them. Will there be any such implications for that cohort of people? Obviously, they are trying to get back to their education and to pay for it, other members of the committee have mentioned. I ask the witnesses to comment on that issue.

Finally, the witnesses mentioned in their introduction that over 90% of claims for the PUP were received online. That is a very interesting figure. As public representatives, many people come to us with queries about making applications for social welfare payments online. I know there have been difficulties with making online applications for medical cards, in respect of which I have encountered particular difficulties. Have any lessons been learned with a view to rolling out the online facility to other payments? Like other committee members, I have had queries about the actual application form being much easier to complete. However, I am most interested in the fact that over 90% of claims were submitted online. Is that somewhere that the social welfare and social protection authorities are thinking of going in the future?

**Chairman:** I thank Senator Wall. Which of the witnesses wishes to respond first?

**Ms Teresa Leonard:** I will start with the Senator's question about the child dependant payment. He referred to someone who has two child dependants and is receiving just €203. It would probably be better for the person in question to apply for jobseeker's allowance directly and to claim for the children through this allowance. As PUP is a flat-rate benefit, with one rate per individual, there is no rate for dependants. I suggest that the Senator contacts me with the details of that person, and we will send out the proper application forms for jobseeker's allowance. The person in question could possibly claim for the children, and maybe for a spouse or partner. There are other payments to which he or she could be entitled.

The genuinely seeking work rule is there. I am sorry that I caused confusion in my first answer in respect of how the rule applies to PUP. We are not actually pushing it at this point in time because of the actual climate. We are not forcing people who are temporarily out of work towards the genuinely seeking work rule right now. The committee should recognise that the Department is really stretched in supporting the PUP. We have staff all over the organisation who are backing up that particular scheme, and are working on it along with their other tasks to ensure it is paid promptly every week to all recipients. There is not the facility to implement the genuinely seeking work rule effectively, efficiently or thoroughly at this point, for numerous reasons. First, the climate is such that it may not be appropriate. Second, the resources required to implement it limit how much action we can take on it at this time. Nonetheless, the rule exists. It is similar to a jobseeker's scheme. Just to be clear on that, a jobseeker's scheme has a genuinely seeking work, GSW, requirement to it.

As for the 90% online applications for PUP, PUP has been very successful online. I overlooked a question that the previous Deputy asked about why one had to send an email to get the form. We started out initially with a form for PUP in mid-March of this year - at this point, it seems like last year - and within three weeks we had an online application process in place. The take-up of that was substantial from day one to the point that in the resurgence in the past number of weeks, we primarily took away the paper application and encouraged people to go online. The paper application was available but the percentage of people who used it, as the committee can see, is very low.

We are working in the Department on putting all our schemes online. It takes a bit of time to get through them all because we have over 80 schemes in the organisation but this year we have made considerable progress in our presence online and the availability to our customers of online services. We will continue with that. It is part of our objective.

**Chairman:** I thank Ms Leonard. Has Mr. Hession anything further to add?

**Mr. Rónán Hession:** I will go through a couple of the questions that were raised by Senator Wall. I thank the Senator for his kind remarks about the work of the Department, and also Deputy Ó Cuív, who made kind remarks.

On the task force on arts and culture, Senator Wall asked if the figure was surprisingly low given the size of the sector. There has been work done by the Arts Council. They had a report done by EY which pointed to a higher incidence in terms of the effect. There is probably a number of factors at play. First of all, the €55,000 includes sport and recreation. They are categorised together in terms of nomenclature of economic activities, NACE, codes. Second, approximately half of the arts and culture sector are part time. Some people are part-time workers and they will have either other work or other responsibilities. Musicians, for example, typically will have sources of income other than performance or recording, most obviously teaching. They will teach guitar or piano. There may be some people whose arts income is not the majority share of their income in terms of what they earn from year to year even though they would consider it their primary role. In those cases, it is perhaps that they are classified under education. It means a bit of a deeper dive there. The task force was only in place for six weeks and there was not really an opportunity to dig into the deep statistical context for that. However, that is one possible explanation.

The Senator asked about the State pension. In the budget, the full-year cost of retaining the current pension is €453 million and the cost for next year is €221 million. Clearly, that is significant expenditure which will impact on the Social Insurance Fund, SIF.

The Senator asked about students and their tax status. It is not a matter for our Department. We do not have a deciding influence in terms of the tax treatment of the PUP payment. The issue was raised in the context of the Finance Bill and the amendments that were made to the Finance Act 2018 about the tax treatment and the Revenue Commissioners. That will apply, I would expect, to students in the same way that it will apply to other PUP recipients.

Between the two of us, I hope we have covered the questions. Obviously, we would be happy to take more.

**Senator Róisín Garvey:** It is amazing what people can do when they are under pressure. I compliment the Department of Social Protection on the number of people who were given some kind of respite in the pandemic because it was quite a shocking occurrence. The pandemic hit us overnight. Nobody saw it coming at the level it did. The Department did amazing work and kept many people sane and above water. I thank the Department for all its efforts.

With regards to the student payments, it has been amazing for the students who usually have part-time work to be able to get the PUP. That made a phenomenal difference to them. It was really important for them to be independent of their parents. Maybe they were independent of their parents anyway but they stood on their own two feet and they have worked. It was amazing the Department did that. I was curious about whether they will be eligible for the Christmas bonus because they will be dying to know that.

The second question I wanted to ask was about the arts and culture. I would like clarity around the €480. Is it that they can earn up to €480 sporadically and still be eligible for the PUP?

Another issue that came to my notice from different people in my county who would have worked in different sectors, especially in the tourism sector, who were over 66 and who have always worked is that they were not eligible for the PUP payment. That is shocking because those people have been working probably 50 years. I felt so bad when they were approaching me saying that they have worked all their life and now they have nothing and the Department will not give them anything just because they are a bit older. I would like to hear a response to that. That is something we must look at in the long term. How we treat our older people in this country needs to be looked at, especially with regards to the Department of Social Protection.

Seasonal staff missed out on the PUP. In my county, we have a considerable tourism industry and there were people who missed out only by a matter of days. As the part-time employment contracts that they have had for 30 or 40 years in the Cliffs of Moher or wherever did not start this year, they missed out by a couple of days. They were not eligible. I do not know whether that has been rectified or what the Department has done about that. There is a significant number of people employed in the tourism industry and it would be seasonal work.

Deputy Ó Cuív mentioned mortgages. This is probably not for this Department. The €350 will keep people above water but, as the Deputy said, for those with big mortgages, often half people's wages are going on their mortgage, sadly. It is disgraceful. I was wondering if there is any mortgage relief. Is that a matter for the Department of Housing, Local Government and Heritage or where does one find information about that?

On the PUP tax, if people have to pay it back, whether they are students or otherwise, if Ms Leonard and Mr. Hession are saying it is not a matter for their Department, which Department do I go to to find out that?

Overall, I thank the Department. It has done brilliantly.

**Chairman:** Mr. Hession seems to be eager to answer some of the questions there.

**Mr. Rónán Hession:** We are just trying to be fair to each other in letting us gather our notes so that we can answer the Senator's questions.

I thank Senator Garvey for her kind words. They are very much appreciated.

The Senator asked whether students would get the Christmas bonus. As Ms Leonard has outlined, the qualifying conditions are not based on whether one is a student or not. It is about whether one has the 17 weeks combined and whether one is on PUP for the relevant weeks. If they meet those conditions they will get it. The fact that they are students is not a complicating factor.

The €480 applies to any self-employed person. It is not limited to the arts sector. It effectively works over a rolling four-week period. We look back over the past four weeks to see if a person has stayed under the €480 limit. The language around the sporadic nature was, if you like, a formulation to describe a rule that ultimately has been replaced by a strict €480 rule. Therefore, if one earned €480 or less over the past four weeks, one is all right.

On the 66-year-olds, we recognise this is an issue that has been of concern to Senators

and Deputies. It has been raised throughout this process. The PUP is intended as a working-age scheme and it has those limits. Apologies, as I did not come back to Senator Wall on the 17-year-old issue. The age range that applies for working-age payments is 18 up until pension age. If one is above 66 and receiving the State pension, one can keep all one's employment income. It is just that slightly different rules apply when people go past 66. They get other payments that are there to support them and the two-person rate for a person on the State pension is a good bit above the payment rate of a two-person jobseeker payment. That is not to diminish the concern. We understand that but PUP is a working-age payment and the age range that applies reflects that.

On the seasonal worker issue, when PUP was first introduced that came up as an issue. PUP applies to people who were in work on 13 March or thereabouts and who lost that employment suddenly because of the pandemic. It was not really designed to deal with a situation for people who were not in work at that time but typically had a pattern of seasonal employment. They may have worked during the summer, for example, in the tourist period. There are other jobseeker supports that are available for those people. I expect that people in that seasonal position, who might have gone back during the summer and now find themselves out of work, would be eligible for PUP. That issue has somewhat timed out.

We formerly had a mortgage interest supplement but it was discontinued in 2014 or thereabouts. It is not a support we provide as a Department. Deputy Ó Cuív raised this earlier. There have been a number of measures and I know that the Minister for Housing, Local Government and Heritage has been keen to ensure there were statutory protections for people and engagement from financial institutions to try to ensure that the pandemic would not create unnecessary difficulty for people.

On the Senator's question about which Department is the lead on the taxation of the PUP, it is a matter for the Department of Finance in policy terms and the Revenue Commissioners.

I might ask my colleague, Teresa Leonard, whether there is anything I have missed or that she would like to add.

**Ms Teresa Leonard:** My colleague has covered all the questions very well. I will add that quite a number of job supports are available to people, so if people miss out on different things, there are a range of job support initiatives for people both on PUP and on jobseeker's allowance. I will not go into them now but if the Senator wants to know about them, a list is available.

**Senator Eugene Murphy:** Like the Chairman and other members, I thank the Department for the wonderful work it has done over recent months. On a personal basis, having dealt with the staff through my office, I can pay them only the highest compliments. Certainly, nothing has been complicated and every effort has been made to help people in our constituencies. Like other members, I really appreciate that. Many of the questions I had intended to ask have been asked by the Chairman, Deputies Ó Cuív and Kerrane and others.

Our guests might clarify how many people have to be paid arrears. They said the issue should be sorted out in the next couple of weeks but how many people are there? I understand that the Department might have more investigating to do. As Christmas approaches, if there are people on the longer term list who really want the money, can we do anything for them or make a case for them? The investigations might not be fully carried out, but close to Christmas, people need that money more than at any other time of the year.

I join the Chairman and others in their remarks about the entertainment business, a business I know a little about. I greatly appreciate the effort the Department has made in that regard but people in the industry have concerns about taxation. While I accept what Mr. Hession said about it not being an issue for their Department and it being an issue for the Department of Finance and Revenue, they might make a note of it. The continuation of PUP will be very important for these people. I think we all accept that with regard to the recovery, vaccinations and so on, the entertainment industry will be at the end of line in terms of getting back into business. Many of them face very serious financial challenges. It is not only about putting bread on the table. Engineers in that business who travel throughout the country when working at gigs have to have vehicles that are up to speed and roadworthy. All of them are paying substantial fees on such vehicles. They have hidden costs that people do not see. I am very concerned about that.

It was welcome to hear what our guests said about the Christmas bonus, but will they clarify how much they estimate it to cost in total?

**Ms Teresa Leonard:** I thank the Senator for his questions. I cannot tell the Senator the exact number of people who are eligible for an arrears payment but the figure is somewhere between 250,000 and 300,000. He asked about people whose payments are being kept aside. In the case of most of the ones we cannot pay, they lack information, that is, the information available to us does not allow us to consider whether they are entitled to a payment. There is a small number we will do manually because of particular circumstances, and we will act on them as quickly as we can to get them paid. I appreciate that Christmas is coming, and our intention is that the vast majority will be paid on Tuesday next.

I might pass to Rónán Hession while I locate the figure for the cost of the Christmas bonus.

**Mr. Rónán Hession:** I appreciate the Senator's remarks about the work of the Department. He mentioned the costs faced by people in the arts and culture sector. One measure that has been introduced during the pandemic period is an enterprise support grant of €1,000. If somebody is coming off the PUP and works in the entertainment sector, perhaps as a self-employed musician, and if that person needs assistance with costs to get business going again, there is a once-off grant of €1,000, which covers vehicle expenses. That may be of interest to those the Senator has spoken to, and I am certainly happy to send him on the details of that. We provided for about €12 million for the grant for this year and the recent budget extended that into next year. Thus far, about 7,000 people have applied, at a cost of about €6.5 million. People are using it and it is helping those in a self-employed position, including in the arts and culture sector, to get back to work and recover some of those costs.

**Deputy Claire Kerrane:** Returning to the online application form, I appreciate that our guests said there was a very low take-up, which is fine. I have found, however, as I am sure many Deputies and Senators have, that people have contacted us wanting to apply for the PUP but could not do so online, whether because of a lack of broadband or because they just could not do it, which is fair enough. We would print the document and send it to them. While there may be a very low take-up, I do not understand why the form is no longer available to print for people who might need to use it. I do not see it as an issue and it should be available online for people if they need the paper application as opposed to having to email.

On the issue of people genuinely seeking work, our guests mentioned the job activation schemes and how the Department might consider that in the new year. Is there a specific plan? I do not see the Department will work out, where sectors have been closed or have not fully opened, who is genuinely seeking work and who should be moved on to activation. We will

need to be really careful about how we consider that in the new year if it is not being pushed as much now. I do not see the rationale for it to be there at all.

On the take-up of courses and returning to education, there should be full flexibility for all courses. As an example, I was contacted by someone on a jobseeker's payment. This person has completed 147 of the 156 days of the qualifying period needed for those on a jobseeker's payment to qualify for a vocational training and opportunities scheme, VTOS, and they cannot go on it because they have not satisfied the qualifying period. Someone else contacted me who wanted to do a bus-driving course at an education and training board but cannot do because that person is on the PUP. I would like to see absolute flexibility for people who want to go back to education. It should be made as easy as possible. There are anomalies where people are encountering roadblocks. I ask that social welfare officers would allow full flexibility when assisting people in coming off jobseeker's allowance or the PUP.

**Chairman:** Before I call Senator Garvey, I wholeheartedly endorse the comments of Deputy Kerrane about access to the application forms online. All our offices use them for people who cannot apply online. Sadly, they cannot come in to us at the moment, so the only way we have to facilitate them in applying for schemes is by printing those forms, and I have printed many. I ask that the facility be reinstated on the website.

**Senator Róisín Garvey:** I concur completely. We should be able to do post them out to people who cannot get into us. Not everybody has a printer and not everybody can do things online. At least we can do that much for them.

It is great that people who get seasonal work over Christmas will not have to worry about availing of the PUP up to the end of March. Does the Department envisage that the PUP will continue for a long time? What are the hopes in this regard in the context of improvements in the tourism and other sectors? Is it undecided?

**Deputy Éamon Ó Cuív:** I concur with my colleagues regarding online forms. We are all slower when filling out a strange form and we often wonder what information the questions are actually seeking. I have seen this with people with PhDs and so on. If a person has filled out a form 50 or 100 times, he or she knows the information the questions are asking for. Many Deputies and Senators print off a form and start filling it out by going through the questions in such a way that the person for whom the form is being filled will know what is being put on it, or they start filling it out for their constituents on verbal basis. I often do this in my constituency clinics. When a form is filled, we send it to the constituent, who signs it and submits it. The Department gets a better filled form but a Deputy or Senator cannot submit it online for their constituents because he or she cannot authorise it. I often fill out various forms, such as pensions forms, manually for people. Since we fill out forms so often, I would hope that we fill them out to a good standard.

One thing I could not understand is that I encountered somebody in the entertainment business who did not have much formal education and who wanted to do a one-year course. I could have understood the Department's response if it had been a three-year or four-year course because we hope the pandemic will not go on that long, but in this case it became a choice between getting a basic payment of €203 or forgetting about that and going on the course. The individual could not afford to do the course without the payment. It seemed to me a pity that if somebody was forced to be at home, he or she could not do a course of up to one year in duration. I am not making the case for degrees, etc., because they last for three or four years and the pandemic is not expected to last that long. We do know, however, that in the entertainment

business, even if everything is resolved, it will be a slow burn before everything gets back to normal because the one place people will still be reluctant to go will be into a crowd, even if there are vaccines and cures. I expect restaurants will open up faster than crowded entertainment venues, particularly indoor venues. I realise it is a policy issue and that there is a policy formulation. I would be interested in hearing about this.

I still want to discuss the mortgage interest supplement. We were told the Department of Finance made arrangements with the banks but it was only pushing the can down the road because the mortgages still have to be fully paid. Would it be possible to go back to the Department and ask whether it could send this committee the rationale, in 2014, for getting rid of two complementary schemes, namely, the rent supplement scheme, which supported the unemployed in paying rent, and the mortgage interest supplement scheme, which traditionally, or for as long as I could remember, helped those with a mortgage who became unemployed? Perhaps the Department would send us the rationale for why there was a suspension in 2014. I have dealt with welfare for many years but I could never understand the decision. It was the strangest decision when it was made because, let us be honest, the crisis from 2008 onwards was largely about mortgages. I have always believed we would have saved a lot of hardship if the scheme had been continued or had been beefed up.

The famous four-year plan we developed at the end of 2010 strengthened the mortgage interest supplement. There was not an awful lot in it on this but there was a sentence that referred to strengthening the supplement because it was seen as the best safety net for those with a mortgage. Something similar has happened now, but in a different way. The mortgage interest supplement, which used to last for as long as a person was unemployed and ended the minute he or she went back to work, meant that person had no accumulated interest and would not be going cap in hand to the financial institutions, which are not charities. I just do not understand the rationale for the suspension. Maybe somebody in the Department could give us the policy reason for it.

**Senator Mark Wall:** Mr. Hession mentioned the 17-year-olds. Could he comment on the issue? I have raised it before. Are there figures concerning those who have paid taxes but who are not entitled to the PUP? Where does Mr. Hession see the affected people going? This is raised with me fairly regularly.

**Chairman:** On Deputy Ó Cuív's point, it would be very useful if Mr. Hession could give us the rationale for the abolition of the mortgage interest supplement. This is something that the committee will be coming back to in the next week as part of its recommendations, so it would be of assistance to us.

**Mr. Rónán Hession:** On that point, we would certainly be happy to prepare a note on that and provide the context. The rent supplement system is still operating. That should be clarified if it was not clear earlier. Based on my recollection of the context for the removal of the mortgage interest supplement, there were a range of reforms at the time. We will certainly prepare a note. Do not hold me to this but my recollection is that it was a decision that came out of the Keane report produced by the Department of Finance at the time which looked at a wide range of issues. I will certainly be happy to provide a note on that.

I will make one point on education and then ask my colleague, Teresa Leonard, to come in on some of the operational matters. Generally speaking, we have been trying to support people going back to education as best we can. In the July stimulus package, we waived the waiting period for people on PUP so they could get the back-to-education allowance. It is done via

the jobseeker's scheme because, as things stand, and Senator Garvey asked about the future of PUP, it is supposed to conclude at the end of March. It will be open until then, but the current timeline for PUP is the end of March. Therefore, we cannot put people onto longer schemes or education courses where the payment will not be available after March. At the same time, as part of the July stimulus, we have said that a person on PUP will not have to wait for the normal period and can go straight into the courses. If a course is short term, the individual can stay on PUP. If it is for a longer term, the individual will need to switch to a jobseeker's payment. I might ask Ms Leonard to come in on the other issues.

**Ms Teresa Leonard:** I have not thanked all the Deputies and Senators for their kind words about the operational staff and staff who have worked across the Department. Those words are much appreciated because the staff have worked really hard on this scheme.

With regard to the application form, members will know that 90% of people apply online and are comfortable doing so. We have a very good process in place to supply application forms. There is an email address and when we are emailed we send out an application form very quickly. It is in the applicant's interest to apply online because we pay the week somebody applies. If one applies online on a Monday, one will get a payment the following Tuesday. The PUP week runs from Friday to Thursday. We have the payment available the following week unless there is something seriously wrong with the application. The online service forces people to put in the correct information and fill out the appropriate boxes. Therefore, we do not have to go back to people for further information. There is a lower likelihood of getting it wrong. In the beginning, quite a number of applications were filled out very incorrectly by individuals and the only option available to them was to apply again, which delayed them somewhat. We are very anxious to pay people as quickly as possible but we have a very good process in place such that there is absolutely no difficulty in getting a form. We provide it very quickly. I have two teams that work on it immediately. The applications are processed on receipt so there is no delay. That should be borne in mind. We will consider putting the facility on our website. It is a fact that the quality of what people fill out and the actual response that we give them is better, as a consequence of them applying online. It is in the interest of customers that we have that as much as anything else.

In terms of activation, and I say this having heard from some of my colleagues, in the first instance it possibly would be to send out information to people in receipt of the PUP on how to start the process and to know what might be available to them. My colleague, Mr. Hession, has mentioned job supports, the different job incentive schemes, back-to-education scheme, back-to-work scheme, enterprise allowances, enterprise grants and training support grants. There is quite a range of stuff that would be of interest to some of the people on PUP and that might work in their interest. That is the starting point for pushing activation. It would be very useful for people to get the information initially. Mr. Hession has answered the question about a one-year course so that covers all of the questions.

**Deputy Éamon Ó Cuív:** It is not so simple to transfer from PUP to a back-to-education allowance because PUP is effectively a benefit payment so it is not means tested but the back-to-education allowance is. I ran into trouble with a query because the person's spouse had an income. so the applicant was not entitled to an assistance payment. The applicant was just €5 or €10 over so would have got a very small assistance payment in any event. The back-to-education allowance is an allowance. It is not a payment without a means test and that is where the claim one can transfer comes asunder. Anyone in receipt of PUP should be allowed to do a one-year course as it would be an opportunity for people to better themselves without a cost

to the State.

**Senator Mark Wall:** I know 17-year-olds cannot vote at the moment but can the Department comment on the failure or inability of 17-year-olds to qualify for the PUP payment? I ask because the issue has been raised with me on a number of occasions.

**Senator Róisín Garvey:** Every member here who deals with people on the ground has requested that the application form be put back on the website. I completely hear what the officials have said. It is fantastic people are doing so well applying online but there are people who cannot do things online and do not have access to broadband. Everybody here has clearly requested that the application is put back online. I am sure that many people will still apply online but some people are old-fashioned and need a good hard copy.

**Deputy Claire Kerrane:** I support what Senator Garvey has said. I appreciate that it might be in people's interest to apply online but I still do not understand why the form cannot be made available. Not everyone can send an email seeking the form and as some people cannot even work a computer, a hard copy should be an option.

In the case of those who had been in receipt of the PUP previously and who had received it for 17 weeks from March onwards but who are not in receipt of the payment at present, do they qualify for the Christmas bonus?

**Mr. Rónán Hession:** I apologise to Senator Wall that he had to ask me his question a third time and that is why I am keen to comment. The PUP is a statutory scheme so it is limited. Unfortunately, people aged 17, notwithstanding that they were working and paying taxes, will not qualify for PUP. We have a supplementary welfare allowance available if there is an urgent financial need or if people are in financial difficulty. I encourage anyone in that position and who is in difficulty to contact our community welfare service.

I will ask Ms Leonard to speak to the points about online forms and the Christmas bonus. I understand the point Deputy Ó Cuív has made about the duration of courses and we note that.

**Ms Teresa Leonard:** The answer to the question about the Christmas bonus is "No". If somebody has 17 weeks but on the week of the bonus he or she is not in payment then he or she will not get a Christmas bonus, which is the same for every other scheme. The bonus is only paid to people in receipt of the scheme on the bonus week, as defined. Very simply, if one receives a payment on that particular week, then one gets the bonus. It is very similar to the carer's support grant, which is paid in June. If one receives the payment on a particularly Thursday in June then one qualifies for the carer's support grant. It works based upon one week. So people have to be on that week irrespective of whether they had it in the past.

All I can say is I will consider putting the form back on the website.

**Chairman:** I hear what Ms Leonard said about the form. These forms are very useful to Members of the Oireachtas. Even as an interim measure, until we consider the broader issue, perhaps all Department of Social Protection forms could be made available in electronic form in order that they could be put up on the Plinth service, which is our intranet here. The initiative would ensure that for anyone who contacts the office of a Deputy or Senator, we could print off the form and assist people to fill them out.

I will start by asking Mr. Hession about a cohort of people over the age of 66 who do not have PRSI contributions, are ineligible for a State contributory pension, will not receive a non-

contributory pension because it is means tested and some of whom continue to work servicing loans on their businesses. It is the policy of the Department and the advice from officials to Ministers over the years to increase the age threshold for receipt of the State contributory pension, yet a cohort of people who are over the age of 66, continue to work and are not in receipt of a State pension have been denied any support throughout the pandemic. They are ineligible for the pandemic unemployment payment. They are not in receipt of another social welfare payment. They are ineligible for another social welfare payment. That cohort must be shown some flexibility when it comes to the pandemic unemployment payment.

In terms of the music industry, Mr. Hession made the point that the €480 threshold is a rolling threshold over a previous four-week period. This issue needs to be reconsidered. I ask that there is an average applied to the payment of the pandemic unemployment payment rather than using a four-week period because if some entertainers or artists are commissioned to do work and offered €500 they must, unfortunately, automatically refuse. Also, they may get payment in two separate calendar months but happen to be within the four-week period so yet again they are discriminated. The most sensible approach to take is for the €480 average to span the period of their pandemic unemployment payment. The adoption of this approach would be a far better vehicle to help these people return to full-time employment, which is the primary objective.

I accept what Ms Leonard said about arrears, that it is a complex calculation and that the Department intends to pay the vast majority of people next week, which is welcome. She said that the Department is going to deal with the other people who must be processed manually over the coming weeks. The intention is to have those paid by the end of the year. First, what sort of numbers are we talking about that will be processed manually? Second, the witnesses need to be conscious of the fact that if those people are not paid before the end of the calendar year they could end up being taxed inappropriately in 2021 on those arrears because that income comes in in 2021 even though it is to supplement their income for 2020. They may have a tax credit available to them in 2020 that, hopefully, may not be available to them in 2021 if they get back into full-time employment. Every effort must be made to ensure that all of those people are paid this year. I would actively encourage the witnesses to make contact with the Department of Finance to ensure that those people are not discriminated against in respect of the taxation code in 2021 because of that delay in paying their arrears.

I want to make two other points. The first is to pick up on Deputy Ó Cuív's point about the mortgage interest supplement. I know this is not for the witnesses to comment on but I was very surprised that the Tánaiste suggested yesterday that there would be a further lockdown in the new year. I believe he is throwing in the towel in respect of what we need to do to manage this pandemic. We need to make every possible effort to ensure that there are no further lockdowns in this State in 2021. In that context, and in light of his particular comments, does it not make sense considering that the payment guarantee that had been in place with the banks is no longer in place that we would reintroduce mortgage interest supplement, particularly for people in receipt of the pandemic unemployment payment? That would make a significant difference to people, particularly to the more than half of those in receipt of the pandemic unemployment payment who have seen a dramatic fall-off in their basic income.

In her evidence Ms Leonard made the point that the temporary wage subsidy scheme did not correlate with the pandemic unemployment payment whereas the employment wage subsidy scheme did. She might elaborate on that. We are quite happy to take that in written format after the meeting but I want to flesh out those complexities because they are the very issues we want to see addressed as part of this process in which we are currently involved. I do not know who

wants to start. Ms Leonard is on the screen so I might ask her to start off.

**Ms Teresa Leonard:** I thank the Chairman. To deal with arrears first, the numbers that may have to be manually done are quite small. We will do our best to get the process going as quickly as possible but they are extremely complex. I have to make that point because I do not believe people understand the complexity of going back over the number of payments we have made to pick weeks for which people may not have been paid and that they will be paid something else for the same period. A proportion of people have not provided us with the information that will allow us to quantify whether they have arrears. That is one of the issues but there is a small number that we will deal with manually, and we will do our best to deal with them.

As regards the tax liability of that, I take on board the Chairman's awareness of that and what he said in respect of it.

**Chairman:** In terms of small numbers, are we talking about tens, hundreds or a few thousand people? What is Ms Leonard's definition of a small number?

**Ms Teresa Leonard:** It is a few thousand people.

On the temporary wage subsidy scheme and the employment wage subsidy scheme, as the Chairman is aware, the temporary wage subsidy scheme was a supplement provided to employers for each individual employee to supplement them as a part of their wages so it was paid directly to the employee. The employer could top that up with income to bring it up to a particular level. That was part of the temporary wage scheme. It was paid through an employer for an individual employee and it was attributed to an individual employee. It was put in place to ensure that employers kept their employees attached to the workplace. It was to supplement them with paying wages to keep them attached to the workplace. That was the primary objective of that particular scheme. As such, they are in employment when they are on it and they are not entitled to the pandemic unemployment payment, PUP, when they are in employment. The PUP, by its very definition, is for people who have lost employment due to the pandemic because their work has closed or whatever reason. It is because they have lost work because of Covid-19.

On the employment wage subsidy scheme, I either misspoke or I misrepresented what I said. It is an actual supplement to the employer to supplement wages for his or her employees but it is not defined directly to individual employees and, as such, it is not attributed in that manner. It is claimed by the employer for, say, ten employees who fulfil a certain criteria. They get the supplement towards the payment for those ten employees but it is not individually placed on them. It is not compatible with the PUP because the individual is in employment. The PUP is only paid when someone is out of work, when people have been let go because of the pandemic and their employment has been limited as a result of that. It is in regard to jobseeker's that there is compatibility between getting the employment wage subsidy scheme and jobseeker's unemployment benefit. That is in respect of the Aer Lingus workers where their employer may be claiming the employment wage subsidy but they can claim part-time or casual employment with us at the same time. To be clear, the temporary wage subsidy scheme is not compatible with the PUP, neither is the new employment scheme from 1 September, but it is compatible with jobseeker's and they can be paid to someone who has periods of unemployment along with that particular scheme.

**Chairman:** I thank Ms Leonard and call Mr. Hession.

**Mr. Rónán Hession:** I thank the Chairman. Coming to his first point about people who are aged 66 and over and the PUP, the PUP is a statutory scheme and the Oireachtas has put those age limits on it so we do not have discretion as a Department to offer flexibility on that. On the substance of the point, however, if a person does not qualify for a contributory pension because of their contribution record and then they do not qualify for the non-contributory pension because of the means test, that is the core feature of our system. Someone is either getting a contribution based payment or a means tested payment and if they do not pass the means test it is because of their income. I accept the point the Chairman made that people will have outgoings and demands but in terms of the way social welfare payments are assessed, it is very important that they are either contribution or means test based. As a fallback we have the supplementary welfare allowance, which I know people have spoken of negatively as something they do not believe they should have to resort to, but it is a safety net for people to make sure that where people are under financial pressure and have difficulty they can apply for that but that, too, is subject to a means test.

On the point about the person in the music industry who might be offered €500 for work, the €480 limit is what one can earn and still get the PUP. If somebody has a job that is worth €500 they should be back in employment for that week. Strictly speaking, if we look at the legislation, if one is self-employed and on the PUP one should be available for full-time work. Somebody doing work worth €500 is unlikely to satisfy that so the best thing for that person to do would be to sign off the PUP for that week. The averaging will apply over the duration of the period on the PUP. We are trying to be flexible but at the same time if somebody is consistently earning above the €480 limit they may look at the part-time job incentive, which allows them to work 24 hours and keep a payment of €128.

I am mindful that when we are talking about these thresholds that they exist across social welfare schemes. For example, the disability allowance is €120, increasing to €140 next year. Jobseeker claims are roughly €20 day. It is consistent with the overall approach taken. For somebody who has a pattern of having work every now and again, the best option for him or her is to sign off when he or she is working and to go on to the PUP when he or she is not working, as opposed to trying to squeeze the €500 under the €480 limit.

I acknowledge the point that is being made. You are raising a wider point, Chairman, about the pressure people who have mortgages will be under as they go through this, and there were comments about the possibility that mortgage interest supplement could play a role there. All I will say is that if we hit a point we will come back with a note. It is not something that has featured in our thinking. To some extent, a significant portion of the pandemic problem has fallen to our Department and our focus has primarily been on the income support, as opposed to the wider suite of housing measures that has been handled more widely across the Government. We hear the point and we will produce whatever information we can to help the committee form its own deliberations and to implement its report. I hope that has answered your questions, Chairman.

**Chairman:** I thank Mr. Hession and Ms Leonard for their assistance to the committee. I understand exactly where Mr. Hession is coming from with his comment regarding pensioners. I have teased this out at length with the Minister and her predecessor. It is difficult to tell older people to go for a supplementary welfare allowance when some of them will still recall the community welfare officer as the relieving officer. He can imagine that unless they are in a desperate situation those people will not make contact with the community welfare officer under any circumstances. That is a cultural mindset that exists and the Department needs to be

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conscious of that in regard to that cohort. I will leave that with the witnesses.

I thank both witnesses for their very comprehensive contribution this morning, their agreement to come back with further information and their assistance in providing the briefing material to the committee. It has been very useful to the committee members and will help us in our continued deliberations on the pandemic unemployment payment scheme. I thank both witnesses for their time today. The joint committee will adjourn until Monday, 30 November at 10 a.m. when the committee will meet in private session on the Microsoft Teams platform.

The joint committee went into private session at 10.53 a.m. and adjourned at 11 a.m. until 10 a.m. on Wednesday, 2 November 2020.