

Irish Congress of Trade Unions Submission to the Committee on Social Protection – Pandemic Unemployment Payment (PUP) Scheme

Introduction:

1. The Covid-19 pandemic is the biggest economic shock in the history of the State causing unparalleled disruption to our economy and labour market.
2. Firstly, we wish to acknowledge the extraordinary work done by DEASP officials and staff on the design and delivery of income supports to up to half of the labour force.
3. As the umbrella body for 44 unions collectively representing the interests of some 700,000 workers in all sectors of the economy, the Irish Congress of Trade Unions (Congress) has at all times contributed constructively to the operation and administration of the emergency income supports needed to control the spread of the virus and to offset the financial consequences for workers and businesses.
4. For example, when the first case of coronavirus was confirmed it was immediately evident to Congress that large numbers of workers would not be in a financial position to follow public health advice to self-isolate if infected or a close contact, given the lack of statutory sick pay. Following representations to the Taoiseach, the Government introduced the Covid-19 Enhanced Illness Benefit and waived the waiting days. To date, almost 85,000 workers have availed of this payment.
5. Equally, Congress was first in calling for a wage subsidy. The Temporary Wage Subsidy Scheme and later the Employment Wage Subsidy Scheme have been instrumental in saving jobs and protecting incomes and hence consumer demand, helping struggling businesses to survive the crisis and maintaining the link between workers and their employer.
6. We continue to be to the fore in identifying anomalies and finding solutions in the administration of the Pandemic Unemployment Payment and the Temporary Wage Subsidy Scheme, such as highlighting and remedying the exclusion of new mothers returning from maternity leave from wage supports.
7. In the remaining sections we focus on a limited number of priorities for Congress for the Pandemic Unemployment Payment, as the tight timeframe as requested does not allow us to give a comprehensive response.

Covid-19 Impact on the Labour Market:

8. In Q1 2020, before the pandemic, there were 2.35 million people in employment, with an unemployment rate at 4.8 per cent (CSO, 05 March).
9. At the peak of the economic fallout during the initial lockdown, in the first week in May, there were 598,000 workers temporarily laid off availing of the Pandemic Unemployment Payment (DEASP, 05 May). This was in addition to 456,000 workers having their wages subsidised by the State (Revenue, 30 April) and 225,662 unemployed and underemployed workers on the Live Register (CSO, 05 June).
10. Following a period of steady decline in the number of PUP claimants to 205,000 by the start of October, numbers are once again rising - to 342,500, as a result of localised and countrywide tighter restrictions due to a resurgence of the virus (DEASP, 9 November).
11. The CSO October unemployment statistics estimate a Covid-19 adjusted unemployment rate of 20.2 per cent (CSO, 04 November). The Department of Finance and the Central Bank are projecting an unemployment rate above 10 per cent in 2021 (PBO, 61 of 2020).
12. In total 753,030 workers have received at least one payment under the PUP scheme at a cost of €4 billion to date (DEASP, 9 November), in addition to the €3.5 billion spent to date on payments made via the wage subsidies (Finance, 13 November).
13. Congress recommends the need to stall the escalating budget deficit, must be second to controlling the spread of the virus as an imperative for the Government. Decisions on the reopening of society and the economy must be based on public health advice from the experts on NPHET, and not unduly influenced by the business community and other vested interest groups who have no expertise in this field.

Pandemic Unemployment Payment:

14. Congress note the Government's commitment to further extend the PUP and wage supports closing date. Congress recommend their removal at the end of the emergency period be tapered. A cliff-edge removal would have repercussions for workers' income and hence consumer demand and redundancies in businesses still in distress, with the cost likely to fall on the Social Insurance Fund given the failure to fully implement the recommendations of the Duffy-Cahill report.

15. We note the reintroduction of the €350 payment rate for workers with prior gross weekly earnings of €400 or more, as called for by Congress. Two in five (41 per cent) of all PUP claimants are now on this rate, double or more the number of those on each of the three lower payment rates which puts to bed the misrepresentation that PUP claimants: “are a hell of a lot better off” since availing of the scheme.
16. Congress note the rates of subsidy provided under the Employment Wage Subsidy Scheme (EWSS) have been revised to better align to the PUP payment rates, from when level 5 restrictions were introduced on 21 October and will remain in place until 31 January. Such a measure is vital to avoid a preserve incentive to move from the EWSS to the PUP when businesses are restricted from trading and do not have a cashflow to top up workers’ subsidised wage. While we acknowledge the reasoning given for not subsidising wages below €151.50 when the EWSS was introduced in July, Congress recommend this should not continue during shutdown periods.
17. Congress note DEASP’s commitment to introduce new regulations that will extend the earnings reference period to September, to the benefit of PUP claimants who commenced employment after February, and will allow claimants whose earnings have been cut since February to have their PUP payment rate set by reference to their earlier, higher, earnings. We recommend the department actively engage in achieving this end without delay.
18. Congress note the introduction of an income disregard for self-employed PUP claimants. DEASP has yet to provide estimates of the number of claimants eligible to earn up to €480 gross over a four-week period while receiving the PUP. We note the very detailed weekly update published by DEASP on payments awarded for PUP. Appendices provide analysis by county, by sector, by age, by rates and gender, rates and age, by sector, of people who closed their claim to return to work. Congress calls for analysis by employment status (employee or self-employed) and by employment status and sector to be included in the weekly update.
19. Congress note the recent work by the CSO and DEASP which finds one in four (25.4 per cent) of the 87,000 PUP claimants aged under 25 years are full-time students (CSO, 4 November). This is an important finding as the policy response to reduce the long-term scarring effect from youth unemployment for young students and young workers are very different. In particular, unemployed persons in full-time education are not eligible to receive Unemployment Assistance or Unemployment Benefit. Without the PUP scheme compensating for depriving them of their livelihood many unemployed students could not afford to remain in education to the detriment of their future earnings and opportunities.

20. Congress have expressed concern about the effect of the PUP on the Social Insurance Fund. The move to define the pandemic specific payment as a social insurance benefit and recoup PUP expenditure since March from the SIF following the passage of the Social Welfare (Covid-19) (Amendment) Bill in August will see significant reductions in the SIF reserves and likely to return it to an annual deficit in the immediate future, placing greater urgency on increasing the pension qualifying age.
21. Following the passage of the Social Welfare (Covid-19) (Amendment) Bill in August, PUP claimants are required to be “genuinely seeking” employment to be eligible for the payment. In the eyes of the law, these workers are no longer laid-off, waiting to return to their job, they are unemployed. That the same department has repeatedly suspended these workers’ right to demand redundancy is grossly anomalous and deeply unfair.
22. Congress note the role of ‘control and compliance’ checks in DEASP’s work and the importance of ensuring the Exchequer resources are protected and distributed only to eligible people covered by a scheme. We have expressed concern over the department’s powers to deny workers the PUP for travelling outside of the state and sought clarification on the criteria used to identify which flights were to be checked by departmental officials. Congress recommend the review clarifies what occurred.
23. Congress has long advocated for a more generous welfare system to adequately protect workers’ living standards during interruptions in earnings – unemployment, sickness, maternity, retirement, etc. We recommend priority be given to moving from flat-rate welfare payments to an earnings-related system of income supports post pandemic, in line with the PUP and Continental and Nordic income protection models, with a social floor above the poverty line for all payments.
24. The length and depth of the Covid-19 recession will be determined to a very large extent by the policies that we choose now. Now is also the time to consider the type of economy and social safety net we want in the long-run, which must be based on the values of solidarity, fairness and equality as well as inclusive, participative and sustainable development.