

DÁIL ÉIREANN

AN COMHCHOISTE UM OIDEACHAS AGUS COIMIRCE SHÓISIALACH

JOINT COMMITTEE ON EDUCATION AND SOCIAL PROTECTION

Dé Céadaoin, 10 Iúil 2013

Wednesday, 10 July 2013

The Joint Committee met at 10 a.m.

MEMBERS PRESENT:

Deputy Ray Butler,	Senator Fidelma Healy Eames,
Deputy Joan Collins,	Senator Marie Moloney,
Deputy Jim Daly,	Senator Mary Moran,
Deputy Brendan Griffin,	Senator Marie-Louise O'Donnell.
Deputy Aodhán Ó Ríordáin,	
Deputy Aengus Ó Snodaigh,	

In attendance: Deputies Robert Dowds, Anne Ferris and Billy Kelleher, and Senator Paschal Mooney..

DEPUTY JOANNA TUFFY IN THE CHAIR.

The joint committee met in private session until 10.35 a.m.

Business of Joint Committee

Chairman: Earlier this year, the committee discussed the proposal for a recommendation of the Council of Ministers of the EU on establishing a youth guarantee. In view of the importance we attach to the issue of youth unemployment, we decided to submit a political contribution on our position to the Presidents of the Council of the European Union, the European Parliament and the European Commission. Within the overall challenge presented by unemployment, youth unemployment has the potential to cause the widest social and economic damage to society. Accordingly, the course of action proposed by the European Commission, through the youth guarantee, is most welcome. Youth guarantee schemes have a proven record in assisting people to find employment and training or education courses, thus reducing the economic and social burden of unemployment. It is important that the youth guarantee be properly funded and fully implemented through the European Union. For this reason, the European Commission's proposal that aims to provide matching funding from the European Social Fund for the youth employment initiative is welcome. It is important that all member states fund the youth guarantee, to the maximum extent, in order to draw down as much matching funding as possible. The political contribution the committee proposes to adopt will convey to the institutions of the European Union the importance that we attach to the youth guarantee. I wish to see it implemented fully and speedily throughout the European Union. Is the political contribution agreed to? Agreed.

Pre-Budget Consultation Process: Discussion with Minister for Social Protection

Chairman: I welcome the Minister for Social Protection, Deputy Joan Burton, and thank her for joining us. On 26 June the select committee considered the Revised Estimates for 2013 for the Department in the context of the existing policy and financial framework. Budget 2014 will be announced at the earlier time of October. The purpose of today's meeting is to engage with the Minister on the financial allocations being considered for 2014, the targets that arise from these allocations and related issues. I propose that the Minister make a brief opening address to outline the overall position on budget 2014. We will then proceed to question her on the overall budgetary position and the budgetary adjustments likely to be required before considering issues on individual programmes, including the social insurance fund and administration. I invite the Minister to make her opening address.

Minister for Social Protection (Deputy Joan Burton): I thank the Oireachtas joint committee for its invitation to appear before it to consider the budget and Estimates process for 2014. As the Chairman said, I recently appeared before the select committee to discuss the Revised Estimates for 2013. While we look forward to next year, it is important to outline some of the issues that I highlighted at the select committee meeting. I want to provide the information for the larger joint committee because the issues dealt with continue to be relevant next year. I shall then move on to discuss the budget.

The 2013 expenditure report was published last December. It provided for additional new expenditure reduction measures of €440 million in 2014 and an expenditure ceiling of €19.633

billion. Reducing overall expenditure in 2014 and beyond, as required, while protecting the most vulnerable in society, will be extremely difficult. A critical analysis of social welfare policy and expenditure will be required and the committee's input in this regard will be valuable in informing the budgetary process. My officials have provided members with briefing material that I hope will prove helpful. I will quickly go through how we intend to approach the expenditure ceiling for 2014. We must bear in mind that it seeks an outcome of €19.6 billion and new expenditure reduction measures of €440 million.

Since becoming Minister, I have overseen a programme of policy and organisational change unprecedented in the history of the Department. The key priorities for 2014 are outlined in sections 13 to 20, inclusive, of the briefing document. As part of the process, the Department has successfully completed one of the most significant mergers in the history of the public service, while at the same time reducing expenditure and meeting increased demand for benefits. The merger involved the transfer of more than 1,700 posts and a variety of schemes and services from other Departments to the Department of Social Protection. The Department has smoothly implemented the transfer, while dealing with the three fundamental forces transforming its operations, including reduced budgets and greater demand for schemes arising from the economic crisis, the demographics of the Irish population, and moving from the passive benefits provider of old to a public employment service that is actively assisting people to get back to work, training or education. The reality of demographic change that is increasing the Department's spending on older people year on year is such that in 2013 I have had to make provision for an additional €190 million for the increasing number of pensioners. This was provided for in the Estimate for the year and I have had to do this each year I have been Minister. Therefore, my Department has risen to the challenge of implementing unprecedented structural reform, while contributing, as it must, to the necessary consolidation of the public finances and, most importantly, offering a safety net and now a springboard to those who need it.

The service traditionally provided by my Department in providing income supports will continue. However, one of my priorities since becoming Minister has been to transform the Department from the passive benefits provider of old to one that is actively assisting jobseekers to return to work, including engagement with employers to help them to get the employees they need. We launched Intreo in the Sligo office and there are now 12 offices up and running. With the help of the OPW, we hope to have 30 before the end of the year. We must get the space, privacy, interview rooms, group engagement and meeting rooms in order that we can give people a positive employment service to help them to get to where they want to get. As part of the Pathways to Work strategy, my Department will spend over €1 billion on work, training and education places that will benefit approximately 85,000 people. Over 25,000 are participating in back to education courses, of which details are supplied in the briefing pack.

The crucial need for the Pathways to Work strategy is highlighted by ESRI research on jobless households, which shows that at the height of the boom between 2004 and 2007 the share of households defined as jobless increased by double digit figures to reach 15%. By stark contrast, the average across the eurozone in 2007 was just below 10%. That this was allowed to happen during a period of such prosperity is the single most shocking aspect. The Government has a greater ambition for citizens who are unfortunate enough to be unemployed. It views each and every individual on the live register or otherwise distant from the labour market as an untapped resource and a future employee who will participate in the rebuilding of the country. That ambition is the reason we are moving from a passive to an active welfare state.

I have spoken about prioritising efforts to combat social welfare fraud. The vast majority

on social welfare are claiming only the entitlement due to them. As such, it is essential that we respect the majority and maintain public confidence in the system by vigorously tackling any fraudulent activity or abuse of the social welfare system. We have begun the phased introduction of the public services card with key security features, including a photograph and signature, which will be used to authenticate the identity of individuals. To date, we have issued over 250,000 cards, particularly to new jobseekers. The new cards will enable individuals to gain access to public services more efficiently and with a minimum of duplication of effort, while preserving their privacy to the maximum extent possible. They will also play a crucial role in eliminating fraud in the social welfare system.

Another significant development in recent months has been the completion of a number of service delivery improvement projects in the Longford office which focused on updating the IT systems and platforms to introduce significant efficiencies and a quicker and more responsive service to our clients in the face of increased claim loads in recent years. I have spoken to the committee about this point. The project was accorded a high priority and involved a significant amount of time and commitment by staff in Longford and Letterkenny. This resulted in a negative impact on claim processing in the short term and a further build-up of backlogs on major schemes. I am now pleased to say that, in the main, the backlogs in scheme areas have been cleared. At one time, there were bags of files on the floor of the Longford offices. We had to put them on computer, an enormous job in physical and IT terms, to get them up to date.

On expenditure levels, it is useful to examine the Department's expenditure on its various programmes in 2013. The principal headings remain significant. The biggest single block of expenditure is on pensions, which will amount to €6.4 billion, or 32% of overall expenditure this year. The next biggest block is expenditure on working age income supports, including the jobseeker's and one parent family payment, which accounts for 27% of overall expenditure, or €5.5 billion. Expenditure on working age employment supports, including important initiatives for communities affected by high levels of unemployment such as community employment, JobBridge, Tús and various other supports, amount to over €1.056 billion or nearly 5% of the Department's expenditure. This is one of the few areas in which there was an increase of €102 million over 2012 despite the tight budgets to which I referred. I prioritised the task of giving people the opportunity to participate in work and contribute, particularly in their communities. This is vitally important for communities that have suffered a high level of unemployment.

Expenditure on illness, disability and carers payments will amount to €3.3 billion or nearly 16% of expenditure in 2013. These include illness benefits, carer's allowance and the domiciliary care allowance for parents whose children have a disability. Payments to carers amount to €776 million. The percentages are higher in Ireland than in most other countries and our payments to carers are unique in European social welfare systems. It is an important support for people caring for those with disabilities.

Chairman: As the Minister has been speaking for ten minutes, I ask her to wrap up.

Deputy Joan Burton: Expenditure on children and families amounts to €2.3 billion. We have a happy population statistic in that we have a lot of children compared to other countries and the overall cost figure includes child benefit. We also spend €230 million on family income supplement. The supplementary payments, including rent and mortgage interest supplement, amount to nearly €500 million; the household benefits package amounts to €283 million; the amount for the much-valued free travel scheme is €77 million; and fuel allowance payments amount to €211 million. Some 80% of expenditure is incurred on a relatively small number of key schemes. Other than expenditure on child benefit, the respite care grant and domiciliary

care allowance, members may wish to note that this expenditure relates to the cost of the weekly rates of payment for the recipients involved. It does not include the cost of supplementary benefits such as free travel and so on.

Appendix A provides further information for the committee. There has been a growth in expenditure and the number of recipients since 2002 when there were under 1 million recipients. The figure is now up to almost 1.5 million. The number, as well as the amount, has moved enormously. This year we will spend €20.25 billion on a wide range of schemes and services. At the end of May there were almost 1.5 million people in receipt of a weekly payment in respect of 2.3 million beneficiaries, as well as a further 614,000 families in receipt of a child benefit payment for more than 1 million children. The scale of these numbers means that our payments affect everybody in the State.

I would like to make some general economic points on social welfare. The immediate impact of the social transfers we make is on poverty levels. Social transfers reduce the at-risk-of-poverty level in the State by more 60%, which is unique in that it is the highest in the European Union. The second impact of our expenditure, which is sometimes forgotten by economists, is the contribution that €20 billion makes to the country's economic recovery. The spend of the Department immediately puts money in the tills of almost every business and shop in the State, as our customers spend their benefits and pensions each week, thereby maintaining domestic employment and economic activity. Protecting core weekly rates makes absolute sense not only from a poverty prevention perspective but also for the economy generally at a time when consumer confidence remains depressed.

No decisions have been made on measures for inclusion in budget 2014. The substantial discussions with my colleagues have not begun. The Department is working intensely on all of these headings, but the substantial discussions have not begun in earnest because as members will know, many members of the Government were extremely busy during the Presidency of the Council of the European Union. This Department will play its part in achieving the overall goal of the Government to put the Government finances on a sustainable footing. It is essential that the forthcoming budget have regard to the importance of the impact of social welfare expenditure on reducing poverty and the wider economy. I held a pre-budget forum last Friday in Dublin Castle and 37 organisations, covering the principal advocacy and service provision organisations, attended. They outlined some of their priorities. I have also met many of them in private since Easter to look at their budget priorities.

I refer to the economic impact of what the Department does. Studies in America have shown that the most important stimulus the American economy received was when there was an extension of the payment of welfare benefits to people who were unemployed. All of the standard economists in the United States showed this. European studies by counterpart committees show that social welfare is key, or is what economists call a Keynesian stabiliser, injecting money into the economy which people spend in shops. As members know, money makes the world of economics go around. It is important to remember that this Department is critical in that regard.

Chairman: The committee secretariat has prepared a document for us in order that we can structure questions to the Minister. Page 3 contains a suggested meeting timetable. The idea is that we will ask the Minister general questions and then break questions down into topics such as pensions, working age, illness and carer's payments, the social insurance fund and so on. We might also ask her about the pre-budget forum she held. We will then hear concluding remarks from members. I draw members' attention to page 9 of the committee secretariat's document

which will help us to structure questions. Will they stick to questions and keep to a time limit of three minutes?

Deputy Aengus Ó Snodaigh: Ba mhaith liom buíochas a ghabháil leis an Aire. The Minister raised a number of issues. I was interested in the last point on the Keynesian model which we have discussed before. Social welfare acts as a stimulus to the local economy, as well as a support for those who depend on it. However, the corollary is that if there is any cut to it, in any shape or form, this also has an effect on the local economy. The cuts in social welfare in previous years and next year of €400 million or so will obviously have a negative impact not only on those who have become dependent on social welfare or who need it as a support but also on local economies.

The Minister has stated that at the height of the boom between 2004 and 2007 the share of households defined as jobless shockingly recorded a double digit increase to reach 15%. Is that 15% of the number unemployed or 15% of society? If it is the number of unemployed, the number has, in fact, dropped. It could be a greater percentage of a lower number.

I refer to processing times which we have debated in the context of family income supplement. Everybody who has applied for family income supplement will be delighted that the processing times have been reduced. However, the processing times and appeal times for medical claimants are still quite high, especially for those applying for carer's allowance. Given the distress the families concerned are often in because of medical circumstances, what steps can be taken to address the delay? Some 50% of decisions on medical claims which are rejected are overturned on appeal.

Deputy Aodhán Ó Ríordáin: I thank the Minister for her presentation. I was relieved the word "fraud" did not feature heavily in it. Often when we talk about social protection budgets, the media seem to be obsessed with the word "fraud".

The Minister concentrated more on the importance of the social protection budget to the local economy, which I would like to emphasise. She mentioned the basic rate and how important it was in tackling poverty. Does she agree that when one maintains the basic rate of social welfare, it acts as a basic underlayer for the economy, which benefits everybody because everybody's wage rate in the economy is based on the lowest level? When one maintains the lowest level in the social welfare system, everybody in the economy benefits. I think people are sometimes not aware of this.

I wish to ask a final question and do not want to take up too much more time. The issue of unemployment and the payment of unemployment assistance from the social welfare budget affect the community as well as the individual. There are multi-layered problems in the geographical areas that have been hardest hit by the economic downturn. Some communities are disproportionately dependent on social welfare. They are disproportionately affected by reductions in city council budgets because they depend so much on local authority services. They are also disproportionately affected by changes in youth service provision. Has the Department made allowances for this? In the context of the 2014 budget, is the Department thinking about how both the community and the individual are affected by the knock-on effects of reductions in payments?

I thank the Minister for her presentation.

Deputy Joan Burton: I would like to begin by responding to Deputy Aengus Ó Snodaigh's

comment on the numbers of families in which no adult in the household has a significant amount of work, which is generally defined as less than ten hours a week of paid work. I will send the exact technical definition to the Deputy. This recognised measure of deprivation has become a very important social indicator in recent years. It is now used by the ESRI which has worked on a couple of papers on the issue in recent years. I invite members to envisage a family in which none of the three adults of working age - between 18 years and the pension age of 66 - has a significant level of work. One or more of them might have a low level of work, which is defined as up to ten hours a week. The children in these households are at risk of intergenerational unemployment because there is no role model in the household who goes to work. In the social studies of this issue that I have read many commentators have suggested these children are particularly at risk. This can be linked with the point Deputy Aodhán Ó Ríordáin was making on communities being particularly affected. We have worked to identify communities in which there is a significant number of households in which all of the adults are jobless. The children in these households are very much at risk.

I was asked what the Department could do as it changed from a passive to an active role. We have assumed responsibility for the community employment scheme. As Minister, I have introduced two new schemes, Tús and JobBridge. I launched the JobsPlus scheme in Waterford the day before yesterday. Under this scheme, an employer who takes on a person who has been unemployed for one year will be given back €7,500 in cash on a monthly basis over a two-year period. If the employer takes on a person who has been on the live register for two years or more, he or she will be given back €10,000 in cash on a monthly basis over a two-year period. The community employment schemes represent one of the reasons I made a case to my Government colleagues in advance of last year's budget. The economy has three really big issues - unemployment, debt distress and the failure of the banks to make credit available to small and medium-sized enterprises. They are our three biggest problems. We also have a major problem as we try to get back to the international markets in order that we can borrow money at a reasonable rate. We have to take these balances into account.

I was urged to consider the effects of these payments on families and communities. Community employment schemes and the Tús scheme are really important because they allow families in which the adults may be jobless to participate in their own communities. I think most people here would know that tremendously positive and good work is being done. Last year I gave money from my budget to the Department of Children and Youth Affairs for area-based approaches to child poverty, even though my budget was facing the kind of financial pressure about which we have been talking. I am happy to report that when the first sample of youth unemployment schemes was examined last week, my Department came in strongly behind Ballymun's application to be the first youth guarantee programme area. As an initial piece of work, all of the agencies in the Ballymun area will be brought together to work with young people. When I visited the area last Thursday or Friday, I met young people who were involved in and participating in these programmes. I received positive feedback about the effect they could have on young people from jobless households and who were not working.

I was also asked about processing times. I am happy to say that as in the case of family income supplement, there are no backlogs with regard to carers. They are up to date. The critical issue is whether people give all of the information required in support of their claims at the time when they submit their claims. Just this week, a Deputy who is not present at this meeting made a query about a family on the basis that the mother was not in receipt of rent supplement. When we examined the case, we found that the person in question had not yet made an application to the Department. We had to tell the Deputy that the person in question was not being prevented

in any way from receiving rent supplement. We said we could not advance the matter in the absence of an application. People are working with us to make sure the applications are made and are as complete as possible.

I accept that the basic rates are really important. I remind the committee that when I introduced my first general social welfare Bill as Minister, I reversed the reduction that had been made in the minimum wage. The country needs a framework that gives jobless families the capacity to have a living wage. A living wage consists of two elements, the first of which is the minimum wage. In Ireland the minimum wage is relatively high compared to the provision made in many other countries in Europe. The other aspect of the living wage is that if one does not have enough hours, one will not have enough income. That is why an employer who wishes to benefit from the JobsPlus scheme which I launched in Waterford on Monday will be required to give the employee at least 30 hours of work a week.

One of the points that was repeatedly stressed by the groups I met on Friday was that these issues should be considered on a cross-government basis. As we have mentioned, the economic impact of social welfare expenditure should be examined. Equally, the impact of changes across the areas of government should be examined. That is certainly another issue to be considered.

Senator Marie Moloney: I thank the Minister. I am sorry I missed the start of her presentation, as I had other meetings to attend. I note from her presentation that she expects to take €440 million out of the social welfare spend in the forthcoming budget. At the same time, she has indicated that she wants to maintain core payments. This really means that supplementary payments which are paid to those who are most vulnerable will have to be cut. I refer to disability payments, carer's payments and old age pensions. If supplementary payments are to be targeted for cutbacks, it will not look well.

I compliment and commend the Minister on the introduction of the JobsPlus programme. It will have a great impact on the long-term unemployed who always seem to find it the most difficult to get back into employment. The longer a person is unemployed, the more unlikely it is that an employer will hire him or her. This will be a good incentive for employers and employees alike. Will the Minister update us on the success of the JobBridge programme? Can a person participating in it progress to JobsPlus?

Deputy Joan Burton: Yes.

Senator Marie Moloney: I know the Minister has arranged a briefing for Oireachtas Members, but it clashes with a meeting of this committee. I contacted the Department and was told it would brief committee members separately afterwards. I am anxious to be assured that a person participating in JobBridge can move to JobsPlus and that the time spent on the internship will be accepted as being a period of unemployment.

Deputy Brendan Griffin: I thank the Minister for her presentation and do not envy her the task she faces in the coming months with regard to the huge amount to be taken from the social protection spend. I echo Senator Marie Moloney's comments on the JobsPlus initiative. It is a progressive scheme which will benefit both employers and prospective employees. It is a step in the right direction.

With regard to the €440 million reduction, is it possible to make the reduction without impacting on headline rates? Is it realistic to believe it can be achieved without making disproportionately deeper cuts in other areas? In the long term, is it sustainable for the State to allocate

such a proportion of national expenditure to the Department of Social Protection? Does the Minister have concerns about this in the long term?

Deputy Joan Burton: With regard to the JobsPlus initiative, if a person is taken from the live register on either a one-year or two-year basis, the time includes any period spent on any of the Department's schemes such as the community employment scheme, the rural social scheme and JobBridge. For employers, this means that they are not just taking somebody who has been unemployed for two years or more. The people concerned might have been participants in a scheme and that is taken into account. I would like to see employers appreciating the work people do and the contribution they make if they are participating in a well-run community employment scheme. Community employment now lasts for a period of 18 months and we have developed a positive relationship with those running schemes. We are trying to expand the number of schemes available, but there is a difficulty in that regard owing to the difficulty with Garda vetting. Otherwise we could have activated up to 3,000 more people. Members of the committee will appreciate that in a community environment for the majority of positions available, particularly those dealing with children or vulnerably adults, Garda vetting of participants is required. The Minister for Justice and Equality is working on this issue. If we could clear the backlog in this area, we could have more people participating.

With regard to whether people can come off the JobBridge programme and participate in the JobsPlus initiative, the answer is yes.

Senator Marie Moloney: Can they stay with the same employer?

Deputy Joan Burton: Yes, or they can move to a different one. Over 18,000 people have participated in the JobBridge programme since it started. At any one time there are approximately 6,000 people participating in it. Indecon carried out a study which indicated that five months after people had completed the JobBridge programme, 60% of those who were graduates had found work. In the case of non-graduates, the rate was over 50%. In the context of job placement schemes, this is among the highest levels of job placement in Europe. Employers have been very surprised by the calibre of the employees recruited. One of the most important aspects of the JobBridge programme has been the message it has sent regarding the quality of people available, who through no fault of their own had lost their jobs. In the three years after the bank guarantee the economy lost 250,000 jobs. We literally fell off a cliff in terms of employment.

On the question raised by Deputy Brendan Griffin, the sustainability of the social welfare budget can be seen in two ways. In terms of individuals and communities, the more people we get back to work, the less pressure there will be on the social welfare system. Also, as the economy grows, the social welfare spend of €20 billion will decrease in real terms. For example, if the economy increases from a figure of €100 billion to €120 billion, at €20 billion, the social welfare spend will reduce as a percentage. As economists say, if we can get people back to work, the deficit will begin to drop rapidly. I agree that a spend of 40% of Government spending on social welfare is high, but it is keeping the country going. The way to reduce it is to grow the economy and get people back to work. Every time we get somebody back to work, the social welfare costs, amounting to a minimum of €12,000 and up to €20,000 for a family, are removed. The family in question gradually begins to pay PRSI and, ultimately, tax.

One of the major benefits of creating employment in the economy is that confidence increases and people with savings begin to spend. There is considerable saving in the economy. Many people are paying down debt, but they are also saving because at the back of their minds there is

a concern that they may need savings because their job may not be totally secure. The creation of employment brings an increase in consumer confidence and encourages more spending.

Chairman: Deputy Brendan Griffin asked whether the Department could make the cuts of €440 million without touching weekly rates.

Deputy Joan Burton: I certainly hope so, but at the end of the day, budgetary decisions are for the whole Government to make. The substantive discussions have not begun and no decisions have yet been made. It is my objective to maintain weekly rates as that makes economic and social sense. It makes sense for the communities affected in the way described by Deputies Aodhán Ó Ríordáin and Aengus Ó Snodaigh. In many of the towns in Deputy Brendan Griffin's county significant numbers of young people are not working. It distresses me to see this, but schemes such as the community employment scheme, Tús and the rural social scheme are vital to maintain the fabric of the local social economy.

Deputy Brendan Griffin: I agree, but when a certain large percentage of the social welfare spend is untouchable or boxed off, I am concerned that the cuts made in other areas will be very deep. That is my main concern. Does the position the Minister is taking on headline rates box the Department into a corner? My concern is that some areas and people will be hit very hard.

Deputy Joan Burton: Let us take County Kerry as an example. There are 416 people in the county who are moving into self-employment and who are in receipt of the back to work allowance. This is very important in the context of generating small businesses. Some 924 people in County Kerry are on back to education allowances which are important in helping them to find a good job. There are others in receipt of the short-term enterprise allowance, while almost 1,000 people are participating in community employment schemes. There are almost 300 on the rural social scheme and over 100 on Tús, as well as a few availing of the part-time jobs incentive. That brings to almost 4,000 the number of people in Kerry being directly assisted to be participants and activists in the economy of the county. In the context of the entire country falling off a cliff, I put it to the Deputy that that is worth doing.

Deputy Brendan Griffin: My concern is that certain people will be hit disproportionately with very deep cuts.

Chairman: The Deputy has made that point and I wish to bring in other committee members.

Deputy Joan Burton: That is why it is important to meet the committee today and I have focused on making sure abuses in the system are reduced because the cost ends up hitting the people about whom the Deputy is talking.

Senator Marie-Louise O'Donnell: It is very interesting that in recent reports we can see that the sun is doing a lot for the economy. It is amazing how people start to spend when they see the sun.

Deputy Aodhán Ó Ríordáin: Is the Senator referring to the newspaper or the weather?

Senator Marie-Louise O'Donnell: It brings them out and makes them feel alive. It is a very interesting point.

Deputy Joan Burton: It will hit the sales of fake tan quite a bit.

Senator Marie-Louise O'Donnell: That is true.

I have three questions. While I do not consider fraud to be at the forefront in terms of social welfare - that is the perception more than the reality - will the Minister tell me how the personal services cards are working with the inclusion of photographs and signatures? I tend to meet many people who have licences, insurance policies and other duplicated documents. Does the Minister have a list of the 32 organisations to which she spoke, from youth schemes to rural schemes? I am interested in the youth guarantee programme, in respect of which the Minister spoke about Ballymun. Under whose auspices is it happening? Is there a contract involved?

Senator Mary Moran: I commend the Minister on the work done in announcing the Job-sPlus scheme the other day.

Senator Marie Louise O'Donnell asked about social welfare fraud. What is done to prevent fraud in Border counties? Have the rates come down in recent years? I know that it was a huge problem in Border towns.

A constituent who had been participating in JobBridge and who, unfortunately, had not been offered employment when his time was up came to see me recently. He tried to get on a community employment scheme but was not allowed to do so. Is there any way something like this can be counteracted? It can be very demoralising for somebody who has worked for €50 per week for 18 months and enjoyed his job, and then has no prospects.

Deputy Jim Daly: I welcome the JobsPlus initiative announcement made on Monday. Why is it limited to 2,500 places over three years? Indications suggest the level of demand will be much greater than 2,500 places, based on the number of emails I have received since it was launched. Is there scope to increase the numbers if the scheme is demand-led?

I understand we are bringing somebody in to talk about Jobstart. We have to move away from using titles such as Jobstart, JobBridge and JobsPlus. It is enough to confuse anybody. The Department should review some of the titles used because they are not attractive and do not do what it says on the tin.

In respect of the Jobstart scheme, I strongly believe we have to look beyond giving €20 as an additional payment. If we are to ask people to go out and do the work that needs to be done on roads and help councils, I honestly think it is insulting to give them €20 in addition to the payment they are already receiving. I would not blame anybody for not being incentivised to take it. I appeal to the Minister and her officials to bring this point back to the Department. If they are serious about the scheme, they could even reduce the numbers involved, but they have to provide a decent incentive. I would prefer to see them being given €100 in order that those who want to work can be genuinely rewarded, even if the numbers are reduced as a result. Paying the sum of €20 is tokenism and will destroy the scheme before it even gets off the ground. It is a great idea and a great initiative.

Chairman: Just to clarify, Jobstart is the local authority social employment scheme.

Deputy Jim Daly: Yes. Persons on the live register can assist councils in carrying out works.

Senator Marie Moloney: Like Deputy Jim Daly, I would like to know why the JobsPlus scheme is being restricted to 2,500 applicants. It is cost neutral and will probably even save money. If the people concerned are on unemployment benefit, they get more than the €7,500 offered. I cannot understand why it is limited to 2,500 applicants. I know the Minister is saying it is just starting off, but the scheme has great potential and we should develop it more.

The rent allowance function carried out by the Department of Social Protection is, I hope, being transferred to the Department of the Environment, Community and Local Government. Will it reduce the social welfare budget? Will it reduce the need for cuts to be made? I know these cuts might be introduced by the Department of the Environment, Community and Local Government, but the most vulnerable individuals are currently in the Department of Social Protection. If the budget is transferred, will it reduce the need for cuts to be made within that Department?

Deputy Joan Burton: I will begin with Senator Marie Louise O'Donnell's question on fraud and the roll-out of the personal services card. The card contains a biometric standard photograph. When we sign somebody up for it, we also take an electronic signature. Instead of having to fill in details when a person goes back to the office, the card is swiped, the person's photo comes up and if he or she signs on for something, his or her previous ten signatures come up on the screen also. It is quite an improvement in terms of identity verification. The Senator might be familiar with the photographs taken at airport security points and so on. If a person has been visiting the social welfare office in Ballymun, the IT system will tell us if he or she has also been visiting the office in Blanchardstown. It will query whether this is the same person, owing to the fact that the photograph is of a biometric standard. That happens regularly because there is a small but significant problem of people abusing the social welfare system by accumulating a number of separate identities. I have seen photographs of people clean shaven and smiling at the start of a week and at the end of it with a bit of a beard for a photograph in another office. As it happens, all of the photographs I have seen have been of men. As I am sure there are photographs of women also, perhaps the hairdo might be different. Having photographs of biometric quality means social welfare offices get the message. It is a very important one. The Department's ability to roll out the cards depends on co-operation from the OPW to install the correct IT standard and arrange for the required office overhaul and refurbishment work. The roll-out is also being carried out in additional offices, but we will be constrained if high quality IT connections are not available. Work is under way throughout the country to overhaul the major 63 Department of Social Protection offices.

It is estimated that this year the Department will prevent the further spending of over €700 million on social welfare payments by use of the systems for checking information and identity checks. Senator Mary Moran asked about the position in Border areas. The Department co-operates with the Garda Síochána and the Customs service in having multi-agency vehicle checkpoints. The Department also regularly inspects taxi ranks. This is extremely popular with those working on taxi ranks in places such as Dublin Airport because they believe their livelihoods are being threatened by people coming to work for part of the day or evening and taking work from full-time taxi-drivers. We work in co-operation with officials on all parts of the island and this has proved very helpful. The Social Welfare Bill enables the Department to carry out checks at airports if people are thought to be travelling back to the country. These are Irish people and also individuals who may have migrated to Ireland and then left the country, but they return to claim social welfare benefits. We have stopped quite a number of people at different airports and some have been before the courts. The Department immediately stops payments to anyone found in this situation until clarification is provided.

I will provide Senator Marie Louise O'Donnell with a list of the 37 organisations I met on Friday. They range from the Society of St. Vincent de Paul and Social Justice Ireland to the Carers Association and organisations dealing with older people and lone parents. These are four of the five key advocacy lobbying organisations. The Ballymun project is EU-funded and I will provide the details for the Senator. It will co-ordinate the work of all the agencies

involved. The Senator's institution, DCU, has a very strong profile in supporting educational access programmes in Ballymun, a number of which I had the privilege of attending. The EU funding amounts to €250,000 to allow for inter-agency co-operation between the VEC, community workers and my Department in working with young people. For example, the job centre in Ballymun will provide more opportunities for young people.

Senator Marie-Louise O'Donnell: Who is the co-ordinator?

Deputy Joan Burton: The forum of organisations in Ballymun dealing with young people will participate. I will provide the details.

Senator Marie-Louise O'Donnell: Did the Minister say €700 million is being lost because of the lack of intervention-----

Deputy Joan Burton: I wish to be clear on this point. I would like the Department of Finance to recognise this-----

Chairman: If I may intervene-----

Deputy Joan Burton: -----because if we were to do nothing to prevent people who are improperly claiming, we would be spending an extra €700 million.

Senator Marie-Louise O'Donnell: I accept that.

Chairman: There is a vote in the Seanad and three Senators are present.

Deputy Joan Burton: Senator Marie Moloney and Deputy Jim Daly asked about community employment schemes. It is hoped 2,500 places is a starter number. We have to provide an indicative budget and there is a cap on it. If an employer provides employment in excess of 30 hours a week, the person concerned is taken off social welfare. Having a single person employed will mean a reduction in cost to the Department of €188 a week, with any other benefits payable to the person. It is a win for him or her because he or she is employed; it is a win for the employer because he or she receives cash back from the Department; and it is win for broader society because we are helping to boost the economy.

We began with an indicative figure for the Tús and JobBridge programmes. Some 13 local authorities have agreed to be part of the first wave of the initiative and the selection of participants is under way in the Department. The local authorities will carry out their own recruitment processes. In some cases, there will be a need for Garda vetting. Nearly 3,000 people are available to be placed on various departmental schemes such as the community employment scheme, but the Garda vetting process is delaying their placement. The delay currently is 14 weeks. The caveat is that in some instances the local authorities may require Garda vetting. They have identified 700 posts to be filled before the end of September. I would be very happy to implement the suggestion to provide a greater financial incentive. However, the Minister for Finance places restrictions on what Departments spend. I, therefore, suggest the Deputy might have that conversation with him.

Many men worked all hours in the construction industry during the boom period and made good money. In many cases, their world of work came to a halt. The Deputy will know that many of them went home to family farms because there was nothing for them to do. Many young single men emigrated. I hope the local authorities' social employment scheme, the JobPath scheme, will provide an opportunity for the people concerned to become re-engaged.

There will be work available of interest to former construction workers. It will enable them to provide a significant service for their local community and be well regarded by it, as is the case with community employment scheme participants. I am hopeful this scheme will be a success. It has taken the local authorities an amount of time to flesh out the details, but they have given me an undertaking that the scheme will commence soon. The Department has begun the selection process.

Deputy Jim Daly: I wish to make two very brief points. I acknowledge the input of Mr. T. J. Fleming, a senior departmental official who has been extremely helpful to me on numerous occasions. I ask the Minister to pass on my thanks to him.

Community employment offered by local authorities was an issue of interest to me even before I came to the House. I have promoted the issue on local radio and also with this and the previous Administration. It was heartbreaking to receive a flood of calls to my office. When they asked where they could find out about the scheme, I could only tell them that I was merely advocating for it. I have researched this initiative above and beyond what most people have done and I am convinced, unfortunately, that an average payment of €20 per week simply will not work. JobBridge is different in that it offers a line to a potential future job. Under the local authority scheme, however, it seems unlikely that many participants will be recruited after they complete the scheme. Furthermore, while JobBridge participants are gaining experience in a particular line of work which they can include in their CV, the work people will be doing in the local authorities is likely to be manual and, therefore, less likely to enhance their qualifications and subsequent attractiveness to employers. I am concerned that the provision of an additional €20 per week will not be a sufficient inducement of itself to attract people to the scheme. I will be more than happy to have a conversation about this with the Minister for Finance, Deputy Michael Noonan, Will the Minister, Deputy Joan Burton, confirm that the details of the scheme are coming from the Minister for Finance in the context of the overall budgetary position?

Deputy Joan Burton: They are.

Deputy Jim Daly: Would the Minister consider allowing fewer participants, with each allocated a larger payment than what is proposed?

Deputy Joan Burton: It might be helpful for the Deputy to consider the example of Tús. We initially offered each county 80 to 120 places, depending on its size. The take-up of the scheme which offers participants 19 hours per week has been absolutely fantastic throughout the country. In fact, a large number of counties have come back looking for more places. We have also extended the JobBridge scheme, in co-operation with the Arts Council and local arts officers, to offer internships during festival season and so on. The Deputy will be pleased to hear that we have had a great take-up by the arts officer in Cork County Council.

Chairman: I apologise for interrupting the Minister, but I wish to clarify a particular point. Deputy Jim Daly has pointed out that participants in community employment schemes receive an additional €20 per week, the same amount proposed for those partaking in the local authority Jobstart scheme. As I understand it, however, the additional payment under JobBridge is €50 per week.

Deputy Joan Burton: Yes.

Chairman: Would it not make more sense for these schemes to be aligned by offering the same additional payment? Why should participants in the JobBridge scheme receive an

extra €50, while those on community employment schemes and the upcoming local authority employment scheme receive only €20? The anomaly seems especially concerning, given that participants in the latter two schemes are probably more likely to have a family to support than a person partaking in a JobBridge scheme internship. Surely the additional payments should be standardised across the schemes?

Deputy Joan Burton: Participants take up a JobBridge scheme place for a period of six to nine months. It is a short scheme designed to give people a kick-start where they have a particular qualification but are unable to gain work experience in the economy. People who gain decent work experience under the scheme have something substantial to include in their CV and present to potential employers. In fact, the evidence shows that, in many cases, they are retained by the host organisation. In the case of a small business, for example, there might be an intention to take on an additional employee at some time, but the decision is only really made when the owner or manager sees how a particular individual can add value to the business.

In the case of community employment schemes and Tús, on the other hand, the objective is that people have an educational and training experience that will result in their obtaining qualifications and certifications which will make them more attractive to prospective employers. For instance, my Department has been working very diligently all year to devise an educational programme for child care and other care areas. My ambition is that everybody who takes up a place under that programme will emerge with at least a FETAC level 5 qualification. It is a combination of qualification plus hands-on child care experience in a properly supervised environment. Community crèches have a very good structure of management, as anybody who is familiar with them will know. If we have the certification and education process alongside the work experience element, we will, at the end of the process, have a person who is very employable. Many participants in the scheme will go on to obtain employment through the Department's community support programmes, under which we support the social economy throughout the country in different areas. Some might go on to become assistant supervisors or supervisors in a community-based facility, which is a good employment outcome in itself.

In regard to the local authority scheme, I have been saying to managers that I would like to see participants being considered for local authority vacancies as they arise. In the cycle of time, we envisage that people who partake in the scheme will be in a good position to secure employment in local government services. I have yet to see exactly what types of employment opportunities the local authorities have in mind. We are looking to countries such as Finland and Sweden as an example, both of which also experienced major bank crashes, although admittedly not as disastrous as ours or as disastrously handled in the form of the bank guarantee. One of the elements that comes through strongly in the initiatives in these countries, as it does in all of the discussions in Europe on the youth guarantee, is that it simply makes enormous sense for the State to invest in people's education and training.

In all cases, whether it be the community employment, Tús or local authority scheme, the ultimate objective is to put in place a developmental path for the individual. Participants are contributing and participating in work that is of benefit to their community, the payback to them being that they acquire work experience, while also enjoying an investment in their education and training. Since taking over this whole area my officials and I have been learning as we go along in the case of JobBridge and Tús. In the case of community employment schemes our focus is on putting in place a robust framework. The work is mostly done on the child care programme, as I said, which will see people emerging after two to three years of community employment experience with a FETAC level 5 qualification. That is the model I wish to employ

because it offers a huge plus for individuals and their families.

Chairman: On the general budget, my understanding is that an overall reduction of €610 million is required, but some of this will be accounted for by savings accruing from previous budget changes. The Minister has indicated that she will have to find savings of €440 million next year. Doing a quick calculation, this suggests €170 million will be saved as a result of previous measures. Is that a definitive figure?

In the context of the €440 million reduction required in 2014, the Minister has observed that some €3 billion has been taken from the social protection budget since 2009. That is a huge amount which is having a major impact on society and the economy. The question must arise as to whether it might be possible for the €440 figure to be negotiated down in advance of the budget. Surely we are getting to the point where we cannot take away much more in terms of supplementary payments and so on without the impact being too great for people to bear. Is the Minister working to get the figure of €440 million down?

Deputy Aengus Ó Snodaigh wishes to ask a supplementary question.

Deputy Aengus Ó Snodaigh: I have a brief question before we get into the figures. Last night there was a documentary on RTE One about the two Luas lines.

Deputy Joan Burton: I saw it.

Deputy Aengus Ó Snodaigh: It raised an interesting point which has been raised at this committee on several occasions regarding the free travel pass. The Minister will have seen the footage of the individual who picked up somebody else's pass and used it for one week. He was ultimately fined for not having a ticket and the pass was confiscated, which seems rather lenient. We have heard claims that there is ongoing abuse of the free travel scheme, to the detriment of those who avail of it legitimately. Can more be done in this regard? The person who was featured in the documentary got away with a fine from the company which runs Luas, but there was, apparently, no intervention by the Department. Will the Minister indicate whether people are pursued for identity fraud in such instances? There might be a grey area in which people wrongfully claim an allowance or are overpaid, but in this case there can be no question that identity theft is involved. Can those involved in such activity not be pursued to a greater extent to try to prevent abuse of the system, which has been lauded outside Ireland as being a good one? It came under pressure in the past and, thankfully, action was taken to prevent it from being changed by the type of abuse to which I refer. The new ID cards may make matters easier. Perhaps Veolia, which operates Luas, and CIE might work with the Department and, if necessary, pursue high-profile court cases in order to discourage others from abusing this valuable card.

Deputy Joan Burton: In the context of his overall questions, the Deputy is correct. The 2014 expenditure ceiling - this is something of a technical public accounting mechanism - for my Department, as included in the papers published by the Department of Finance, will be €610 million lower than it is this year. In Government accounting one has revenue which is money coming in and expenditure which is the cash that goes out. The basic structure is that the ceiling will be €610 million lower next year. The Deputy is correct to state the ask will be €440 million because there are carryover measures and changes which include some of the savings made. As we have just been discussing, however, we must also be aware of the enormous impact on the system of the very large numbers of people, particularly jobseekers, seeking social welfare payments. I have stated there are a couple of variables. In the context of the number of pensioners,

more people are retiring and they are also living longer. The impact of this in each of the past three years has been a figure of approximately 3%. The impact will continue to be felt for a further period. Even if nothing else was happening, the Department would be obliged to find just under €200 million per year in order to provide for retired citizens. This is due to the way in which the structure of the population is changing.

When we entered office, the numbers on the live register were heading towards 14.7% or 14.8%. The figure is now down to approximately 13.6%. The numbers have decreased and, therefore, some of the pressure on the live register has eased, which is something of a gain. While pensions are a cost, reductions in the live register represent an enormous gain. As stated, we are also spending more on employment supports. In the context of the €440 million to which the Deputy refers, we must consider the population demand. The critical aspect in this regard is the number who are unemployed. The major point I make to my colleagues in the Government is that we must get more people back to work. While Ireland is doing very well in attracting foreign direct investment, the jobs to which such investment gives rise do not - as I stated during the discussion with Deputies Aengus Ó Snodaigh and Aodhán Ó Ríordáin - necessarily benefit those areas and communities with the highest percentages of jobless households, families and individuals. Obviously, that is the really important aspect and it is a matter for the Departments with responsibility in the area of economics. I continually put forward my opinion that employment creation should remain the focus of the Government's ambitions. The more people we can get back into employment, the less pressure there will be on the €440 million to which Deputy Aengus Ó Snodaigh refers. There is also an economic argument in respect of this money. In previous years I have been able to negotiate the position downwards by making the kind of arguments members have brought forward.

I saw part of the documentary last night on the free travel scheme. We co-operate strongly with Dublin Bus, CIE and Veolia which operates Luas. As stated, we run a lot of multi-agency operations. However, I accept that there is a problem with the free travel scheme being abused. Last year when there was a great deal of discussion of this matter, I stated the problem did not relate to retired people or pensioners. There are many other categories of individual who are entitled to free travel. I refer to those who have companion passes and those with disabilities who can also avail of free travel passes. We have in place a hotline by means of which all of the travel companies may contact the Department. If a passenger presents what is supposed to be the current form of pass but which an employee of one of the companies believes to be forged, he or she can ring the hotline to check the name and number on the pass. In the clip from the documentary which I saw last night a guy was shown ringing the Department of Social Protection. We put that system in place.

Rolling out the personal services card is going to be critical. We hope to roll it out, in some cases, to retired people and pensioners this year. The cards will bear the legend "FT" which stands for free travel and biometric pictures of the owners will also be printed on them. Obviously, we will require technological co-operation in this regard from the transport companies and post offices. I am delighted to inform the committee - I had not yet made the announcement in this regard when I previously came before it - that An Post is the preferred bidder for the cash delivery services for the Department. It is a major employer in both rural and urban areas. I would like the company to use information technology to verify and authenticate people's identities. It already does much important work for us in this regard. If a person frequents his or her local post office, the people who work there will get to know him or her. In such circumstances and if a person's brother, cousin or someone else comes in his or her stead, then they are likely to be able to detect this.

Chairman: As Deputy Aengus Ó Snodaigh inquired, does the Department have the facility to sue or pursue people for identity theft?

Deputy Joan Burton: If someone is found to be behaving in a fraudulent manner, his or her benefit will be suspended almost immediately. In the clip from the documentary which I saw some of the people featured appeared to be somewhat chaotic. They could be individuals who have specific issues such as addiction problems and so on. I want to stop all of what is going on in this regard because it is undermining the free travel scheme for pensioners. The scheme is cherished and valued and the Department makes an extremely important subvention or payment to CIE in respect of it. I understand it is worth approximately €75 million per year to the company. That is a big spend and we do not want it to be undermined. We are obliged to wait for the OPW to roll out the IT required and convert the offices for which it has responsibility. If this can be done as fast as possible, we can issue many more cards. I hope that by the end of the year we will have been able to issue up to 600,000. It is going very well. We also have an arrangement with the Department of Foreign Affairs and Trade in respect of those who are retired and in possession of passports. This means that we could actually use the photos from their passports to be put on the new services cards. We could do this because recent passport photos are of biometric standard. If we were to take this course of action, it would also speed up matters.

Deputy Jim Daly: I do not wish to be like a dog with a bone, but I wish to return to the issue of the local authorities. I appreciate what the Minister stated about the Nordic countries. My wife is from that part of the world and I am extremely familiar with the ethos in these countries in the context of training provision and learning. I accept that education and training are not the responsibility of the Minister's Department and neither is job creation. I commend the Department on the broad view it is taking in that it is not only issuing cheques but, progressively and productively, it is making sure that people are upskilling and it is giving them every opportunity to so do. I genuinely commend the move by the Minister's Department in that direction as well as the job creation aspect of it.

One of the biggest challenges facing a local authority such as Cork County Council, and I know the same challenge does not face the Dublin local authorities, is road maintenance. There is a great opportunity for the Jobstart scheme to assist in addressing this issue. The reality is that there will be very little upskilling for people who engage in that type of manual work. Roads may not be an issue for the Dublin local authorities. It is important to recognise the opportunity to assist in this respect with some financial recompense as opposed to simply saying that these people will benefit because the reality is that they will not. People are happy to partake in manual work and there may not be upskilling opportunities for them. That is my motivation in raising this issue and I ask the Minister to consider that suggestion.

We have briefing material on "Ensuring Work Pays" from the Department, but it is quite basic. Employers tell us that they cannot get people to take up jobs and that they have advertised them but have not had success. The Minister will have heard all these stories and I will not bore her by repeating them. I would be interested in getting more information on this area from the Department. I agree that many of these claims are myths but it is hard to convince employers that people are not better off not working and that they are not all at home, drawing every benefit under the sun, with no interest in working and having a great life. I note the Minister's figure that 74% claim for themselves only. Would the Department be willing to give us a few case studies of families, for example, Mr. A, who is 42 years old and married with three children, and the sum total of benefits he gets. It is an educational adventure we have to go

on and we have to let the employers know that there is a happy medium and that the reality is different from the perception that prevails. That perception needs to be challenged and we as members have a responsibility to challenge it. I would appreciate any assistance we could get from the Department on that.

Deputy Joan Burton: Cork County Council and Cork City Council have committed to take on 60 people each on the first stage of the Jobpath. We have had very good co-operation from them. In terms of Cork city and county, approximately 6,000 people are participating in a variety of schemes supported by my Department, including community employment, in which there are a few thousand participants. More than 2,000 participants are engaged in community employment and more than 2,000 are participating in the back to education allowance scheme in Cork city and county. Nearly 1,000 people are participating in the back to work scheme. Cork has a strong participation rate in these schemes. As the Deputy will know, I have had an opportunity to visit quite a number of community employment schemes in different parts of Cork city and county. This is a developmental process. As the economy recovers and we have space in the budget, I hope it will be possible to increase the incentives. Participants are offered 19 hours a week on the scheme I mentioned. The opportunities for people to train and on the vocational developmental side and the education side are good.

On the issue of ensuring work pays and the Deputy's example of a family of, say, two adults and three children, roughly 74%, or 317,000 people, claim for themselves alone. In other words, they have no dependants. They get €188 a week and if they are long-term employed they also get the fuel allowance. Some 5%, or 22,000 people, are couples who have no children, 4% are couples with one child, and 9%, or 40,000 people, are couples with two or more children. It is among that latter group, particularly if one has a rent supplement, that there is a strong potential for people to be unemployed or to fall into the poverty trap. If a family of two adults and three children have a rent supplement, the rent levels in Cork for a three or four bed-roomed house, depending on the part of the county or city one is living in, could be anything from €900 to €1,200 or €1,300 a month. The Deputy can do the maths. If one is getting social welfare benefits for a family of five and one is getting the back to school allowance and all the other allowances, the benefits could mount up to close to €30,000 and if one adds to that an average of €1,000 a month for rent supplement, then would bring the package of benefits up to over the €40,000 mark. We have done those figures and we do them regularly, and I can send them to the Deputy. It means that for somebody to take up a job, he or she has to get that amount, but if one takes a job paying €42,000 or €38,000, one will also pay some PRSI and a small amount in taxation. One will retain child benefit and one's medical card for three years if one has been long-term unemployed. There is a bit of a myth that one will lose it, but that is not true. Employers seem to believe that as much as people who are unemployed.

If members come across people like that, they should let the local social welfare office know and also ask the employers to let the local social welfare office know. We have a social contract with people who are unemployed. We will support them with income support and do everything we can to help them to get back to work, but they have a social obligation to the wider Irish society to take up reasonable offers of work. That is what the whole activation process is about. We have an obligation to assist the person who has unfortunately become unemployed but they have social obligations, a social contract, to the wider society to make themselves available for work. It would be very helpful to us if employers would let us know if they have made reasonable offers of a job and cannot find anybody to take it up. As we work through the Intreo process, if an employer says he or she wants two people to work at X, we can look at the profiling we are doing and see if we have some people who fit that profile. It is then up to the

employer to interview those people and possibly offer them a job, and we will expect people to take reasonable offers.

To return to the housing supplement issue, that is the critical and main reason I would like that scheme to be transferred to the Department of the Environment, Community and Local Government. If an individual is on the local authority rental accommodation scheme, RAS, or on the traditional social housing rented scheme, that person and their family would be on a differential rent. If that person is in receipt of social welfare, they would be able to calculate what they have to contribute in terms of social welfare income into the house. If that person is then offered a job, they can do the calculation, and the council would do it for them, of what the differential rent would go up to if they took up the job. The rent supplement scheme in the Department of Social Protection was designed, and this is provided in law, as being only a temporary support while somebody is out of work. That is the legal basis of the scheme. If a person takes up a job while being on rent supplement, and Deputy Jim Daly gave the example of a family of five, the rent could easily be €1,000 a month plus. That family has to make up that €12,000 of rent and that is where the poverty trap lies, because they will lose that support. If the scheme were transferred to the Department of the Environment, Community and Local Government, such a person in the future would only pay an enhanced differential rent. The extra cost to that person might be only an amount of €20 to €30 a week because that is the way local authority differential rents work. That would be a critical piece of reform. I can brief the committee on how that reform is going but I do not know if we have the time.

Pages 5 and 6 of the members' information pack sets out the data of the number of people with families who are on the live register. I remind members that more than 90,000 families are lone-parent families but not all of them would be on the live register.

Chairman: Members might want to move on to deal with the programmes. We might not be able to have questions on all of them because we have done a lot of work on the general part already. I will call Deputy Butler and then I have a question on the pensions programme.

Deputy Ray Butler: I apologise for my late arrival. I had an engagement in my constituency with the Minister of State, Deputy Brian Hayes. Will the Minister indicate if any changes are to be made to social protection for the self-employed this time around? We are entering our third year in government and I am aware that reports have been commissioned. We have yet to see those reports but we must start making decisions about the self-employed. I am on record as saying the Minister has been very good to the self-employed in lowering the threshold to allow them to get social protection. Based on the last figure the Minister gave, between 24,000 and 30,000 self-employed people were on social protection in the past three years but we have to look to the future and put a new system in place. We are talking about adding another 1.5% to the 4% a self-employed person pays in terms of an S class stamp. I welcome that because we must start to move forward in 2014 and recognise self-employed people. I would not like anybody else to go through what I had to go through as a self-employed person when I lost my business because of the recession. I had a young family to feed but I was not entitled to anything. I am adamant about that. I am sure the members are fed up listening to me talk about self-employed people in the Chamber but I would love to see some system put in place to recognise self-employed people and for the country to move forward because there is no incentive to be self-employed here. We have to put a safety net in place to ensure that if somebody makes a go of a business, employs people and puts their heart and soul into that, they will have that safety net if they get sick, become disabled or their business fails.

I plead with the Minister to start recognising self-employed people. I know that is difficult

in difficult times but my argument would be that in putting the 1.5% on to the 4% one is paying in one's business through income tax, even if one is not making a profit, one is still paying it on one's drawings. Revenue might not like me for saying this but I would rather put something into a type of class stamp to ensure that if things go wrong, my family and me will have some protection.

Chairman: We received a letter from the Minister's Department stating that the report on the entitlements of self-employed people in terms of social protection payments is on her desk and that she is considering it. As a committee we would be anxious to see that report and perhaps make recommendations on it. Will that be available soon?

Deputy Joan Burton: Regarding Deputy Butler's general point which we have discussed a number of times previously, I thank him for acknowledging that, contrary to popular myth, many people who are self-employed get access to social welfare. Almost all the 100,000 people who lost their jobs, particularly as a consequence of the collapse of the construction industry, ended up being self-employed in one way or another with the changes in construction during the height of the boom. We have given almost all of those people access to social welfare protection.

The other issue that affects people in that situation is that their partners may be working. That would reduce the level of support they would get from this Department but the chairperson of the Advisory Group on Tax and Social Welfare was at pains to point out that self-employed people do well. The actuarial report on the Social Insurance Fund stated specifically that 4% of self-employed people get access to retirement pensions and to widow's, widower's and survivor's pensions. That is the best value for money in the social insurance scheme.

The critical issue, and this is something that is a judgment call, is that an employed person, between him or her and the employer, is contributing 14.75%. A self-employed person currently contributes only 4%. We may be able to move to getting self-employed people to contribute more to get specific benefits but we will have to cover the costs. Would people currently self-employed do that?

I strongly agree with Deputy Butler. I know many people who became self-employed during the construction boom. There was never a thought, understandably because they were working all the hours God sent, about whether they should be paying PRSI and a full stamp, to use the old terminology. It was only when the boom ended that they suddenly found they did not have the protection of unemployment or jobseeker's benefit or allowances. The question is whether people could afford to move to a higher level of contribution and the level at which that should be set. There would also be other ways of mitigating that. With self-employed people being very resourceful, their benefit periods might be more restricted.

I received the report recently and we are examining it in detail. In any report on social welfare we have to examine the cost factors involved in introducing it, what people would be charged, and the benefits they would get. We would then have to examine the system's implementation; I think the fancy name for it in the Department is the business process implementation plan. It often means that many changes to IT are required to take account of it, and we have to plan in that regard. We are looking at both of those and I will revert to the committee when we have had an opportunity to examine how we would go about doing this, the implications for the individual and the Department's budget, and the IT business systems that would be required to do it.

Chairman: Regarding the pensions programme, could the Minister give us a figure for the money saved or anticipated to be saved this year from the changes to social welfare pensions in terms of the number of contributions a person has to make, the bands and so on? How much money has been saved as a result of those changes? Various changes were made, one of which was the number of stamps a person had to have overall, but others were to do with the number of years and so on. What savings have been made as a result of the changes to the qualification for social welfare pensions, and specifically the contributory pension?

Deputy Joan Burton: We have a smaller payment now for people with fewer than 48 PRSI contributions. The saving in 2012 would have been about €5.5 million and €8.2 million in 2013. Some of these arrangements were foreshadowed in 1997. Some of them came into force around 2002, and more came into force last year and the year before that. While the amounts involved are small, they build up very significantly and, essentially, the principle towards which we are moving is that over time, the more contributions one makes, the higher the level of pension one will receive. In our system at present, as members who deal with cases are aware, it is extremely complicated. We allow credits for those who are unemployed or otherwise, as well as for people working at home. They are credited contributions and then there are paid contributions. The manner in which it is calculated depends on when one started work and how long one has been in insurable employment or has had contributions made for one. Incidentally, in the case of the self-employed, that would have been as little as five years, which is the reason the actuarial board would suggest that is very good value. In future, it is envisaged that people will be contributors for at least ten years over a period. This means that the more one contributes, the more one will get. The other major change in respect of contributions is that increasingly, public servants pay a full rate of PRSI. This applies in particular to all newer recruits to the public service, whereas there was a time when public servants paid contributions in respect of superannuation and a widows and orphans scheme, which I believe totalled approximately 6.5%, as well as having a modified, reduced rate of PRSI contribution. In respect of the contributory State pension, everyone is coming into a common stream of contributions and contribution levels. This increases the funding capacity of the Social Insurance Fund, which is very important. However, I repeat that the biggest tonic for the Social Insurance Fund involves getting more people back to work because as people return to work, they become contributors and stop taking from the fund in respect of jobseeker's payments.

Chairman: Some of my constituents who are older women had expected to receive a certain pension payment but, because of the new rules, have found they are getting a lesser amount. They could lose, for example, €30 per week. While I acknowledge the Minister has indicated this was announced many years ago, those people did not see it coming and were very put out about it. I refer to the fact that it hit women in particular who may have left the workforce. In some cases, one also found that back in the 1960s, people's employers had not made the proper contributions, unbeknownst to those concerned. This change has caused hardship for very small savings.

Deputy Joan Burton: In our system, the big safety net is that the non-contributory pension is at the same level as the contributory pension. For instance, in the case of a woman on her own who had no income other than the State contributory pension and it was a reduced amount, she would be well advised to apply for the non-contributory pension because that would bring her up to the same level as that of the contributory pension. In addition, the State is paying quite an amount of money abroad to people who contributed but who then emigrated. However, going back to the additional approximately €200 million per year the State is spending on people coming into the retirement income supports, one must ensure it is all funded as, otherwise, what

is called a hole in the Social Insurance Fund will get bigger and bigger. The biggest reason for the deficit in the Social Insurance Fund at present is unemployment and the amount of job-seeker's benefit the Department is paying. However, we must close that gap because we have a contributory social welfare system and as the Deputy noted, it is important for people to have a system they can build up because private pensions from private employers, as well as those for public sector employers, also are under pressure. Consequently, the contributory State pension is a really important social payment to people in retirement.

Chairman: Are there any further questions on pensions or social welfare expenditure on pensions?

Senator Marie Moloney: I do not really know what has been covered in my absence and must apologise, as there were many votes in the Seanad.

Chairman: Does the Senator have questions on this particular issue?

Senator Marie Moloney: An issue that has been discussed in the Seanad concerns those who are obliged to retire at the age of 65 because of their contracts and who now will be obliged to apply for jobseeker's benefit despite having had a job. However, they have no choice but to do so and are supposed to be available for work for that period, which only lasts for nine months. This means that for three months, those concerned will have no income and consequently, these people should be facilitated. It is somewhat harsh for those who may have been working for 48 years or whatever and who are paid for nine months, only to be told to apply for jobseeker's allowance for three months. The Minister might look at this again. While the Department has done away with the State transition, the Minister put in place a transitional payment for lone parents and others. Perhaps consideration also should be given to those people who have been caught in this gap or trap.

Chairman: That is a good idea.

Deputy Joan Burton: First, to clarify, people who are 65 and who are going onto the job-seeker's register for a year will get a payment for 12 months. I wish to be clear in this regard.

Senator Marie Moloney: Good.

Chairman: What payment will this be?

Deputy Joan Burton: Jobseeker's allowance for the 12 months.

Deputy Aengus Ó Snodaigh: However, they will only get jobseeker's benefit for nine months, after which they will be obliged to apply for jobseeker's allowance for the remaining three months.

Deputy Joan Burton: I reassure members they will be covered for the 12 months.

Deputy Aengus Ó Snodaigh: Yes, they will be covered, but it is just a bureaucratic nightmare.

Senator Marie Moloney: Is it possible to put in place legislation to cover this?

Deputy Joan Burton: Senator Moloney has made an excellent suggestion and the Department is giving it active consideration in the context of the budget. Second, there is an implicit equality issue in the point made by the Senator, with which I agree, that is, if the pension age is

now going to be 66, there is a strong argument for justice and equality to amend the legislation to provide the legal equality framework for people to work to the same age as the State pension.

Senator Marie Moloney: Does that fall under the remit of another Department?

Deputy Joan Burton: While it is not the responsibility of my Department, I will strongly encourage that. Moreover, I expect most employers also would be positive in this regard. Again, we are in the middle of a lot of social change and there are a great number of people in their 60s who wish to remain working to the age of 66 or 70. On the other hand, this issue was discussed at the forum with all the 37 different organisations held last week to which I referred, when one man from the Irish Senior Citizens' Parliament noted that were one a 60-year-old steeplejack, no one would suggest one should continue to practise that job after the age of 60 on the grounds of health and safety alone. We are in the middle of a social change and social protection must reflect these population and demographic changes. In addition, however, employment and equality laws also must reflect them. Those laws are not within my remit but I certainly have discussed with colleagues the desirability of doing this and I would be happy for that to take place.

Chairman: Which Department is responsible? We could write to it as a committee in this regard.

Deputy Joan Burton: While I will get a more detailed answer for the joint committee, it is an equality issue in part. It pertains to the age at which someone must retire and to me, it would make a sense to align the pension age and the retirement age. Thereafter, of course, it also is up to individual places of employment and the contracts they have with employees. In respect of self-employed people to whom Deputy Butler has referred, I assume self-employed people might keep their directorships or self-employment for the year. However, there is no doubt that there is an increasing number of older people who wish to stay working for longer and who have the capacity, good health and everything else to do that. Equally, there are others who would find it to be stressful and there also are many people in between, who would like to do some work, albeit perhaps fewer hours, as they get older.

Deputy Aengus Ó Snodaigh: I was going to say something on the same matter. In the past, there was a pre-retirement allowance, even if only for three months. The retirement age is to become 67 so some people will be captured for two years. They will have the jobseeker's benefit for the first nine months and then-----

Deputy Joan Burton: Can I clarify that we have provided for it? Once one is on jobseeker's benefit at the age of 65, in law one's entitlement continues until 66. Therefore, the nine-month duration does not apply to somebody of 65. I hope that is helpful.

Deputy Aengus Ó Snodaigh: When the retirement age moves to 67, what will the position be?

Deputy Joan Burton: That will be in 2021.

Deputy Aengus Ó Snodaigh: Is it that far away? I believed it was sooner.

Deputy Joan Burton: If the economy has recovered by then-----

Deputy Aengus Ó Snodaigh: We will worry about it closer to the time.

Deputy Joan Burton: The Chairman made a really important point on a phenomenon that

happens all the time. Every public representative who is dealing with applicants should remind them how important it is to sign for credits if they have an entitlement to a credit. I know exactly what the Deputy is talking about. I have met so many women who could have signed for credits, including people who became unemployed. I am not necessarily talking about people giving up employment on marriage to rear a family or to look after elderly relatives, for example. For some reason or other, certain people bypassed signing for credits. It is really important to remind people.

Deputy Aengus Ó Snodaigh: I agree with the Minister and have encouraged quite a few people to sign, but there is often confusion in the local social welfare offices, which are telling people they are not entitled to sign for credits if they have homemaker's benefits, for example. I dealt with a case only this week in which a woman was distraught. She wanted to sign for credits so that, in time, she would be able to benefit from them. She was refused by a departmental official. Once we returned to the office, the matter was clarified. Perhaps an instruction within the system stipulating people are entitled to sign for credits would be useful because it will be beneficial, to women in particular.

Deputy Joan Burton: This arose when the Secretary General and deputy secretary were here and before the Committee of Public Accounts. We have taken into the Department 1,700 new employees and we are putting considerable emphasis, this year and next, on the training of staff, who are now working on general social welfare issues in respect of the various schemes of the Department.

With regard to credits – this is probably why the Deputy's issue arose – it must be asked whether a person is available for work. Without being too technical, I contend that is the key clarification point. The Deputy knows that better than I do.

Deputy Aengus Ó Snodaigh: The lady in question qualified but there was confusion on a number of occasions, although not on the part of the same official.

Chairman: The people who want to register for credits in order to be eligible for JobBridge went to social welfare offices and the personnel seemed to have no idea that they could register. That is a definite problem.

Deputy Ray Butler: I share those sentiments because I have had a similar experience in my constituency office.

Deputy Joan Burton: We are putting a lot of emphasis this year and will be putting a lot of emphasis next year on training the new staff. Many former community welfare officers are expert at interviewing people because of the nature of their previous work, but many of the new staff are working particularly on the Intreo and activation programmes. We are putting a lot of emphasis on training.

We have revamped the Department's website and there is a lot of information. As the Deputies know, we run a number of seminars. We have run several on various areas of the Department's changing systems. There are also online call services whereby a Deputy can ring to obtain clarification.

The Department receives many parliamentary questions. I would like to see more use of the dedicated telephone lines. If this occurred, the number of parliamentary questions on individuals could be reduced. If one talks to the relevant officials, it is really helpful. After discussion, they are often well able to sort the issue out, whereas a parliamentary question must go all the

way to the level of the Secretary General of the Department and back down again. That represents quite a burden administratively.

Senator Marie Moloney: When the self-employed have no more work, they cannot even sign for credits. We might want to consider credits for the self-employed so as to maintain their pension entitlements. There is a voluntary contribution but one must actually make an application in this regard within the relevant year. I believed we were making a contribution through all the levies we were paying but apparently we were not. We should have paid a voluntary contribution. When I went about doing so, the deadline had been reached and I could not. There will be a huge gap in our contributions, therefore, despite the fact that we are working. There are many others in such circumstances.

I do not expect an answer to my final question now but will put it into the Minister's head in the hope that she will think about it. I referred to the women who were affected by the marriage bar. What occurred was not their fault and they should have been given a credited contribution, which would help. It would not be a significant amount because some of the women in question are widows while others went back to work. A number got caught by the marriage bar and did not have enough contributions to qualify for a pension. The Minister might examine this and we might discuss it at a later date.

Deputy Joan Burton: I know Senator Moloney is very knowledgeable about this. The non-contributory pension is at the same level as the contributory pension. For any of the women about whom the Senator is talking, such as a widow who is likely to be on her own, the level is the same. If an individual is highly dependent on social welfare, it is likely that she will qualify for the non-contributory pension.

Senator Marie Moloney: They know that. I refer to the people who are not and those who might qualify for a pension in their own right were they not short in terms of contributions.

Chairman: Those people would receive the pension under the means test. Those who would not work, yet they do not qualify for the pension because of the issues that have been raised.

Deputy Ray Butler: I would like to address the Minister on parliamentary questions concerning the Department of Social Protection. When I was first elected, I met the community welfare officer. She invited me to a meeting with a couple of the officials from the head office in Navan, and we sat around a table and I got names and numbers. There is also the direct line. I am not being party political in saying that each book of parliamentary questions has five or six pages of questions on social protection despite there being a dedicated line. The staff showed me the amount of work required in answering these. It is taking them away from front-line services and incurring costs. The staff showed me the system that must be used to process a parliamentary question. It is absolutely crazy. I appeal to all politicians to get in contact with their community welfare officers and the main departmental office in their areas and use the direct line. What is occurring is a serious waste of taxpayers' money and of the time of staff who could be offering services elsewhere.

Deputy Joan Burton: In the autumn or towards the end of the year, I will provide a short report on the total numbers. They are significant. The worst cases are where the people concerned had not even made an application but made inquiries, which inquiries became parliamentary questions. I am thankful that these cases are very few and far between but Deputy Butler is correct that the parliamentary questions system is an enormous draw on resources.

We spent a lot of money on the inquiry lines and the seminars and workshops we have run. We are always open to doing more. What Deputy Butler said about getting to know the local social welfare manager and the new systems is correct. We are working with Plain English Ireland and NALA, the National Adult Literacy Agency, to make our forms simpler. We did much work this year with parents to improve the forms for domiciliary care allowance. We now give them three months' notice if there is to be any kind of review and two months to get their child's medical evidence together. I want to do this with many other schemes.

Many Deputies accept e-mail replies to parliamentary questions. Until recently, it was the case that some Deputies would only accept a hard-copy letter. Thankfully, that has changed as it was a significant resource issue.

Chairman: Yet a letter is important in the interests of accountability. We are holding the Minister and the Department to account when we raise these parliamentary questions. Getting a reply in writing for a constituent is important in that respect. The parliamentary question is an important tool in the Parliament. Neither should it be abused.

Deputy Ray Butler: I agree with the Chairman. It should be used as a last resort and not willy-nilly.

Chairman: Yes, I agree. Has the Minister any other concluding remarks?

Deputy Joan Burton: I look forward to getting support and advice from the committee as we move into the intense negotiations for the budget. We have a social welfare model in Ireland which is supportive and highly redistributive. It reduces the poverty risk by 60%. It is a tribute to successive Governments and different parties of all shades to give that significance and importance to a welfare state in Ireland.

Talking to various groups in Dublin Castle last week for pre-budget submissions, I noted the critical issue for them is the overall impact of the budget. For example, pensioners were also affected by property tax and health measures in the last budget. All the groups said they wanted the overall impact of budget changes to be taken into account by the Government. It is a fair point.

I thank the committee for its invitation to present to it today.

Chairman: On behalf of the members I thank the Minister for attending the committee. This has been the second meeting about the budget with the Minister. We also have had detailed briefings from her Department. I also want to thank the committee secretariat for its work on the briefing.

Could the committee have a briefing about all schemes targeted at young people? This is to inform the committee's work about the youth guarantee.

Deputy Joan Burton: We could run a seminar for the committee and Oireachtas Members on the range of schemes and supports the Department has for young people. The new JobsPlus is an attractive scheme and I hope there will be good take-up of it by employers. Members will be ambassadors for the scheme and help promote it to get more people back to work. It will help to reinstate the objective of near full employment.

Chairman: I thank members for a good meeting.

The joint committee adjourned at 12.45 p.m. until 1 p.m. on Wednesday, 17 July 2013.

