

DÁIL ÉIREANN

SELECT SUB-COMMITTEE ON SOCIAL PROTECTION

Déardaoin, 23 Eanáir 2014

Thursday, 23 January 2014

The Select Sub-Committee met at 1.30 p.m.

MEMBERS PRESENT:

Deputy Joan Burton (Minister for Social Protection),	Deputy Aengus Ó Snodaigh,
Deputy Ray Butler,	Deputy Willie O'Dea,
Deputy Joan Collins,	Deputy Brendan Ryan,
Deputy Aodhán Ó Ríordáin,	

DEPUTY JOANNA TUFFY IN THE CHAIR.

Estimates for Public Services 2014

Vote 37 - Department of Social Protection (Revised)

Chairman: I welcome the Minister for Social Protection, Deputy Burton, and her officials to the meeting. The purpose of today's meeting is to consider the 2014 Revised Estimates for public services, Vote 37 - Social Protection. The Revised Estimate contains information on how money allocated for each programme in 2014 is to be spent, along with the Estimate for 2013; the number of staff connected with the programme in 2014 and how this compares with 2013; performance-related information, with departmental key outputs and context and impact indicators for 2014 and the corresponding information for 2013. Information is also provided in regard to the Social Insurance Fund and appropriations-in-aid.

Consideration of the Revised Estimates provides us with an opportunity to review whether targets set in the distribution of moneys across the Vote are appropriate in all the circumstances and demonstrate best use of resources. A timetable for today's meeting has been circulated. It allows for a brief opening statement by the Minister followed by a discussion on each programme listed in the Estimate. To ensure we do not spend lengthy periods on any particular programme, I ask members to ensure they ask questions relevant only to the programme under discussion. Is that agreed? Agreed. I now invite the Minister to make her opening statement.

Minister for Social Protection (Deputy Joan Burton): I thank the committee for the invitation to appear before it to discuss the 2014 Revised Estimates for my Department. My officials have provided detailed briefing material for the use of the committee at this meeting. This builds on the changed format introduced last year and is designed to better reflect the new performance-budgeting approach to the Estimates process.

Understandably, there has been huge concern about high levels of unemployment and the associated costs in recent years. However, leaving aside the financial challenges posed by unemployment, the scale and scope of the Department's other expenditure, including its critical role in the social and economic life of the country, is not always fully appreciated in public discourse. As a starting point today, it is useful to examine the Department's expenditure on its various programmes in 2014. These are outlined in table 1 of page 3 of the briefing.

The biggest single block of expenditure in 2014 will be on pensions, amounting to €6.5 billion or just over 33% of overall expenditure. Expenditure on working age income supports, including jobseeker's and one-parent family payments, accounts for some 25% of overall expenditure or €4.9 billion. Expenditure on working age employment supports, including Tús, community employment and various employment supports, accounts for more than €1.07 billion or 5.5% of overall expenditure. Expenditure provision for illness, disability and carers accounts for more than €3.3 billion or almost 17% of expenditure in 2014. In total, payments to carers will amount to almost €806 million, which is a significant increase. Expenditure on children and families accounts for nearly 12% of expenditure or just over €2.3 billion. Some €281 million will be spent on family income supplement, which is provided to people on low wages, with children. This is an increase of some €52 million on the allocation for 2013. Expenditure

on supplementary payments, agencies and miscellaneous services accounts for €926 million or 4.7% of overall expenditure. The principal items in this category include rent and mortgage interest supplement, the household benefit package, free travel and the fuel allowance.

On claims processing, members may recall that at last year's meeting regarding consideration of the Estimates concern was expressed about delays in processing payments, particularly in relation to certain schemes. These backlogs must be seen in the context of the huge additional administrative impact of the recession, with which the Department has had to deal in the past five years. In this regard, it is worth noting that the live register rose by 127,000 in the first six months of 2009, an unprecedented level of increase, and by 253,000 over the three-year period from end-2007 to end-2010. Dealing with numbers of this magnitude - made up mostly of persons who had not previously been in receipt of unemployment benefits or had ever seen the inside of a social welfare office - has been a significant ongoing administrative challenge. To address the backlogs in relation to certain schemes, we set a target last year for significantly reducing delays in respect of four schemes in particular, namely, carer's allowance, invalidity pension, disability allowance and family income supplement. I am pleased to say that the backlogs have in the main been significantly reduced. Table 15 of the briefing shows that the number of pending claims at the end of 2013 had reduced year-on-year by 68% in the case of carer's allowance, with a much bigger spend and numbers as a consequence; 45% in the case of invalidity pension and 35% in the case of disability allowance. Furthermore, the family income supplement, FIS, scheme is now totally up to date and delivering a fast and efficient service to families on low incomes with children and working parents. Table 18 shows that first-time FIS claims pending at year-end are down by 72% year-on-year, while renewals pending are down by 86%. All first-time claims and renewals are now processed promptly on receipt. That is conditional on people giving the information required, as Deputies will appreciate. Major progress has also been made in other areas, and the clearance of backlogs, as well as prompt processing in all areas, will continue to be a key priority in the Department.

It is essential that we maintain public confidence in the welfare system by vigorously tackling any fraudulent activity. The vast majority of people on social welfare are claiming only the correct entitlement due to them. However, a small minority are not and a range of measures are employed by the Department to ensure that social welfare fraud and abuse is minimised and that control activity is appropriately focused. In this regard, fraud detection and control systems have been refined and enhanced in recent years and are subject to continuing review. Overall, this is resulting in less opportunity to commit fraud and less chance of claims being in payment at an incorrect rate through fraud or error. Approximately 1.1 million reviews were carried out in both 2012 and 2013, and the savings achieved in 2013 were €632 million or approximately 5% less than those achieved in 2012. This is the prevention of expenditure that would have taken place if the control and checking had not been done. This outcome is not unexpected given the decline in the live register, with people going back to work, and it demonstrates that the Department's more intense control focus in recent years is having a positive preventative impact on the level of fraud and error in the social welfare system.

Factors which have contributed to preventing and reducing levels of fraud and error have included the following examples. One-parent family claims are now dealt with in local offices and all customers are reviewed annually to verify their ongoing entitlement - to ensure the relationship status has not changed or that a person has not gone back to work, for example. Systems and data exchanges between the Department and other State bodies are being enhanced on an ongoing basis, and the Department is now acting on information received through these links in a more timely manner. Commencement of employment information from the Rev-

enue Commissioners is now received weekly and acted upon automatically. Prisoner data is now exchanged weekly, and if somebody is sentenced and sent to jail, the data is passed to us. The integration of the General Register Office into the Department has resulted in the timely notification of births, deaths and marriages to the payment systems. If people have a baby, the processing of their child benefit claim is really fast nowadays. Looking ahead, the control savings target for 2014 will be finalised shortly in the context of a new fraud initiative covering the period 2014 to 2018. The latter is currently in preparation and is expected to be launched in April 2014.

I will now turn to the ongoing roll-out of the public services card, PSC. This has been introduced to enable people gain access to public services more efficiently and with a minimum of duplication of effort, while at the same time preserving people's privacy to the maximum extent possible. The card is designed to replace other cards within the public sector, such as the free travel pass and the social services card of this Department. It will make it easy for providers of public services to verify the identity of customers and cut down on multiple claiming. One of the other key benefits relates to the robustness of the identity registration process in order to minimise abuse. The registration process includes facial image matching in order to prevent a person using more than one identity, which is a key deterrent with regard to potential abuse. It is already proving successful, with a number of cases detected in which individuals were using various identities to make multiple claims in different offices.

The card is a key initiative in the new public service reform plan. Discussions on the expansion of the public service card to other public service customer bases are being advanced. The roll-out to pensioners has already commenced, and in February an additional postal registration process is being introduced and will be offered to an additional 200,000 people over 66 years of age who are in receipt of a Department pension and paid at a post office in 2014. The process will involve a minimum of inconvenience to the customer. Approximately 515,000 cards have been produced and are in use, and it is intended to issue cards to 3 million of the adult population by the end of 2016.

Turning back to unemployment, tackling this problem remains the Government's number one priority for the foreseeable future, but we are moving decisively in the right direction. Last October, the live register fell below 400,000 for the first time since December 2008, and there was further improvement in November and December. In live register terms, we are back to the rate from 2007 and 2008, which is great news for the people who are going back to work. This will also significantly reduce the pressure on social welfare expenditure. The standardised unemployment rate is now 12.4%, very close to the European average. Although it is still much too high, this rate is still remarkable, as at the height of the unemployment crisis it was as high as 15%. The positive trend in the reduction in the number of people on the live register is to be welcomed.

Recent CSO data showed that more than a thousand people a week are returning to work, which is proof that the measures taken by the Government to stabilise the economy and address the unemployment crisis we inherited are paying off. There is still no room for any sense of complacency, as unemployment is still at a very high level. In particular, the number of people who are long-term unemployed is a significant cause for concern, as past experience suggests that people who are long-term unemployed face the greatest challenges in securing employment, even during periods of economic recovery. New entrants to the labour force may well be selected by employers, for example, in preference to the long-term unemployed, so the role of employers in helping people back to work and assisting the Department with the various

schemes we operate is critical. This is where the Pathways to Work strategy overseen by the Department will continue to play a crucial role. Through Pathways to Work I am confident that we will build on the progress made to date and ensure the number of people, including young people, taking up or returning to work continues to increase. Key to the success of Pathways to Work is the continuing roll-out of the new integrated employment and support service, Intreo. There are now 43 offices up and running, with a further 17 to come before the end of this year. The Intreo one-stop shops facilitate jobseekers in accessing income and employment supports in one place for the first time. Intreo also offers a range of supports to employers who are seeking to find new staff, such as the wage subsidy scheme JobsPlus. I appeal to all members when they are meeting employers to remind them of the Intreo service, which is a public employment service free at the point of use and access, as we want them to take it up. It includes valuable schemes such as JobsPlus and can convey the calibre of candidates on the live register.

I have touched on just some of the key developments in 2013 and priorities for the year ahead. I look forward to our discussion in that regard. I thank the staff from the Department, who have worked to clear all the backlogs in a time of unprecedented demand. We have also managed to transform many of our information technology services, and the staff have been enormously co-operative in achieving that goal while serving the people who use the Department of Social Protection.

Chairman: We will move to the first programme, which deals with pensions. That is on page 4 of the Department's brief and page 8 of the committee secretariat's briefing. I call Deputy O'Dea.

Deputy Willie O'Dea: I welcome the Minister and her officials and thank the Minister for her presentation. I add my congratulations to the hardworking staff in the Department on the work they have been doing, particularly in respect of backlogs. There is still some work to be completed but much good work has been done and I acknowledge that.

There has been much discussion about the potential burden that pensions will place on the Exchequer and on society in the years to come due to the demographics. I note the projected increase in expenditure on pensions from last year to this year is very slight at less than 1%, but I presume that will change as the years pass. Nevertheless, it represents one third of social protection expenditure, which is a significant proportion. From 1 January last, a person who reaches 65 years of age this year will no longer be able to apply for a transition pension. What does the Department expect to save? Whatever the gross saving might be, I contend that the net saving will be far less. If somebody turns 65 and does not have a job and cannot get the transition pension, obviously they will have to access some other social welfare payment. I expect that accounts for the great majority of them.

In the summer legislative programme there is further proposed legislation on pensions. Will the Minister give us an idea of what she has in mind for that? I was not aware that we would be dealing with further legislation on pensions in this session, so perhaps she will give an indication of what is intended in that regard.

Deputy Joan Burton: Table 3 on page 6 gives the summary. Deputies will see that for the State contributory pension there is extra spending of €160 million provided for this year. Members of the committee will be aware that every year of the three years I have been involved in budgets I have had to provide between €160 million and up to €190 million in extra spending on the extra numbers of people in our population who become entitled to the contributory pension or the lesser numbers who become entitled to a non-contributory pension. The extra cost to the

State over the next five years for pensions for people over 66 years of age and also widow's and widower's pensions is estimated at approximately €1 billion. It is in the order of €1 billion every five years. That is a cost the Department must meet, and in times of very straitened resources we must do that largely out of existing envelopes of expenditure.

With regard to the State transition pension, the Deputy will know, because he was a member of the Government at the time, that a Green Paper and a pensions paper were produced in 2007 and 2009 which indicated, based on the actuarial studies, that there would be a greater cost for pensions in Ireland for the Irish State because of the growing number of older people in the population. More of them are insured, which is fantastic. They constitute a growing number in the overall numbers of people becoming entitled to the State pension. They are also living longer. The last actuarial review of the social insurance fund, which I published in 2012, showed that the shortfall was in the order of €1.5 billion in terms of expenditure. Since then, with some changes in PRSI, we have narrowed that gap, but the additional cost over the next five years will be €1 billion overall.

In respect of people reaching 65 years of age, the Deputy will recall that in the social welfare Bill we passed recently in the context of the budget, I changed the arrangements for people over 62 years of age. Most Deputies strongly approved of it. People over 62 years of age on jobseeker's allowance now just have to go to their local Intreo or social welfare office and sign on once a year. If they wish, they can get their money by electronic fund transfer. They do not have to take part in activation arrangements; they can if they wish, but they are not obliged to do so. With regard to people who turn 65 years old, if they qualify for a jobseeker's benefit, that continues undisturbed for the year. The Deputy is correct that a significant number of people might well be on other types of social welfare payment. They will continue on those for the year and then transit at 66 years of age.

In 2012, 11,130 people were awarded the State transition pension. Of these, just 1,390 came from employment and 50.63% or 5,635 came from another social welfare payment. Previously, the same trends were broadly identified in 2006 and 2007. Members should also recall that there are many Irish people who are retired, particularly in the United Kingdom, who might have worked for parts of their working life in the Republic. They would also apply at relevant ages for whatever entitlements they might have built up during their time working in Ireland.

Deputy Willie O'Dea: Can the Minister refer to what the forthcoming pensions legislation will contain?

Deputy Joan Burton: We have a working title of the Social Welfare and Pensions Bill. From time to time technical changes arise; for example, in many of the recent Bills they related to European requirements regarding pension directives and so forth which periodically we incorporate, as we are required to do, into Irish legislation. There are some technical pension amendments in almost every case. Obviously, the last big piece of work we did in the Dáil was the work done before Christmas specifically regarding pensions. There were a couple of small social welfare adjustments in that as well. As of now, there are no substantial changes pending. We are largely incorporating European regulations and changes into Irish law as they arise.

Deputy Aengus Ó Snodaigh: We will have to change the description on the legislative programme as it does not mention the European directives in its description of the forthcoming Bill.

Deputy Joan Burton: There might be. There is no necessary pension legislation at this

point in time, but it is a holding title on the legislation on which work is being done. We had a previous experience where we did not include “pensions” in the title, as the Deputy will recall, and subsequently that was required. In fact, there was a discussion about it on the floor of the House, so since then I have tended to use “Social Welfare and Pensions” as a working title and then to proceed depending on the detailed contents.

Deputy Aengus Ó Snodaigh: I thank the Minister. I do not have major questions on pensions, just a comment. Obviously, a substantial amount of the money in this budget goes on contributory pensions. Of the €6.5 billion or so, it is €5.5 billion. It is a return to people who have paid into the social insurance fund. They are getting back what they paid or invested over their working lives. That will obviously change at a later stage with the changes the Minister has introduced, when the higher contributions that people must have take effect. Over the past number of years there has been a tightening up. Obviously that has not been reflected in these Estimates as there will not be a substantial change this year.

I have a specific question on the administration costs of the pension section even though I know that we will deal with administration later in the meeting. We have discussed private pension funds and the great administrative costs they impose on the people who take out private pensions. The State manages to administer a complex pension system, particularly the contributory pension, and has managed to keep the cost down to 2.9% - I refer to the overall cost to the Department. In some ways that suggests it would be more positive, or we would be better off, if we moved towards the proposal put forward by the Minister and others for a second pension or second auto-enrolment. Also, I believe that the administration of same should be retained within the Department, given its skills in administering pensions at a low cost to date.

Deputy Joan Burton: First I will answer the Deputy’s query about the changes in required contributions. I wish to draw attention again to the fact that the KPMG actuarial review in 2012 stated that the pensioner support ratio in Ireland is projected to decline from 5.3 workers for every individual person of pension age in 2010 to 3.9 workers by 2020 and 2.1 workers by 2060. In other words, the number of people at work is in decline relative to the number of people on pensions.

With regard to the number of contributions required, the legislation regarding the 520 contributions was passed in 1997. It had a very long lead time: part of it was implemented in the early 2000s and the next part of it fell to be legislated for in 2012, to come into effect in 2013. One must plan for pensions because it is so important to have an adequate income for people in retirement. It is a fact that, as we move forward, we require people to have 520 contributions and to have contributions over a ten-year period. In a lot of cases in Ireland we required a much lesser period, plus we gave credits to people who were out of the labour force because of particular home duties. As the number of workers is declining relative to the number of pensioners, if we want people to have the kinds of pensions that they and we aspire to then we need to ensure that we have a sufficiency of contribution.

I commissioned the OECD to carry out a review of the Irish pension system. It found that Ireland provides a very strong level of State pension, which is a good thing about Ireland. All political parties have been in agreement and have strongly supported the situation. The OECD suggested that Ireland should have a supplementary pension contributory system on either a mandatory enrolment or an auto-enrolment basis. As I have told Deputies before, the Department has carried out very detailed work and is discussing it with colleagues in the Department of Finance, because this matter is really important for people’s futures and for when they retire. I am in discussion within Government on how best to progress the idea over a period, particu-

larly as the economy improves. Obviously a supplementary pension is a way for people to save more money for their pensions. Some 50% of people in work have no pension cover other than State pension cover. If some people do not have enough contributions they will find themselves receiving a very low rate of payment on retirement.

As we speak we are changing the governance of the pensions regulator. One of the things that I want the new pensions council to focus on is pension charges, as Deputy Ó Snodaigh mentioned. I commissioned a report on pension charges in Ireland. It was the first time the matter was formally examined by the Department of Social Protection and the report indicated that questions must be answered. We need to ensure that people who save for their pensions, perhaps through deductions from their wages by themselves and by their employers, get the best value. It is something we will return to, because we want more people saving for pensions. We do not want the pensions industry ripping people off with bad-value deals. For example, silent costs can be relatively high, which leads to people discovering, on retirement, that they have paid significant sums in various fees and charges and ending up with a lower pension than they thought they were contributing to.

Deputy Joan Collins: I thank the Minister for her presentation and welcome her staff. I was not sure what today's meeting was about but I gather that it is a presentation of what was stated in the budget and how measures are implemented.

I wish to raise a few issues regarding pending claims for the invalidity or disability pension. We have discovered that there is not a one-size-fits-all pension. To qualify for an invalidity pension one must fit the criteria set down by the welfare office. Sometimes people do not meet the criteria, and I want to ask the Minister how her Department deals with such cases. A person applying for the invalidity pension must prove that he or she has been out of work for at least a year. A doctor must confirm that is the case, but many doctors do not like making such a claim because they may not know what the illness is. I have heard about a couple of such cases in my office. I know the Minister cannot discuss individual cases but I seek her overall view of the matter. A situation seems to have developed whereby applications for an invalidity or disability pension are returned for review or appeal and more letters from consultants, doctors and specialists must be supplied. Is that the case? How are the criteria being implemented in the relevant sections in her Department?

The Minister mentioned that 1,000 people are returning to work per month.

Chairman: I hope the Deputy will not mind if I stop her to confirm that the committee is debating one programme at a time, and we are debating the pension programme at present. The last matter raised by the Deputy relates to a later programme. Is it okay if the Minister responds to the Deputy's questions on pensions now?

Deputy Joan Collins: Yes. Can I ask another question on pensions?

Chairman: Yes.

Deputy Joan Collins: The Minister mentioned that those over 62 can receive jobseeker's allowance, that the provision does not have to be job-activated and that it will be delivered once a year using electronic funding. Will the same system apply if the pension age is extended to 68? What will happen to the jobseeker's allowance in 2018 when a person reaches 67 years? Will the scheme be extended for a year after a person reaches the age of 66? Does the Minister understand my questions?

Deputy Joan Burton: No, not really, but I thank the Deputy for them. We sent all of our material to the Clerk of the Committee over a week ago. I do not know if the Deputy's personal assistant has had an opportunity to examine the material. We have forwarded a lot of documentation and information, as requested by the committee. If someone is coming up to pension age, he or she should send his or her details to the Department, as most people do, some three months before he or she expects to retire. He or she can be assured of a first-class service because the structures for establishing old-age pension entitlements are very good, particularly those for insurance based contributory pensions, with which there are not many difficulties. Persons who have not made contributions and are looking for a non-contributory pension often have to supply more information. If people want to know where they stand, they can approach our offices and we will try to give them the information. Sometimes they have broken periods of employment and the employers have long since gone out of business. We do an awful lot of work to help people. Some 93% of contributory pensions are awarded within five weeks of application. This is a significant payment which carries other entitlements. It is, therefore, a very good processing time. If people want information in advance to check their status or look back on different periods of employment, the staff of the Department are very helpful in providing assistance.

Deputy Brendan Ryan: On the changes to the transitional pension scheme, I refer to someone who applies for jobseeker's benefit as an alternative to the transitional pension. The Minister has recognised the uniqueness of the group in accepting that it can avail of jobseeker's benefit for the full year. There is a recognition of its position. Another group arrives at the age of 65 years in the expectation that it will be on the transitional pension ahead of receipt of the full contributory State pension. People in this group who are already unemployed, receiving jobseeker's allowance and have been means tested in respect of a working spouse have an extra year in which they receive nothing, as they do not qualify on the basis of the spouse's income. Is there some way of giving them some recognition in the same way as has been done for those in receipt of jobseeker's benefit? I am talking about the contributory pension.

Deputy Joan Burton: The rule applying to the State contributory pension transition payment is that the means-test applies to the dependant and the rule stands. If people do not qualify for jobseeker's allowance in the first place, they are unlikely to qualify for a non-contributory pension, perhaps because one of the people involved is working.

Deputy Brendan Ryan: What about a contributory pension?

Deputy Joan Burton: In the case of the contributory pension, it is a matter of the income of the person's spouse or partner. It is means tested and I have no proposals to change this. The changes to pension age were broadly set out in the financial framework of 2011 which followed a Green Paper and a paper on pensions launched by the Department in 2007 and 2010. They were broadly agreed to by everyone and, subsequently, when the country entered into difficulties, it was one of the items agreed to in the financial framework in 2011. This was indicated in the information given to the IMF at the time. Recognising the cost of pensions in Ireland and other countries and making sure over a period of time that we provide for pensions is absolutely fundamental in ensuring sustainable finances from a market point of view. The changes in Ireland were widely welcomed and acknowledged by observers of the economy in terms of its rating.

Chairman: Is Deputy Joan Collins satisfied that her question on pensions and her earlier question about invalidity pension have been answered?

Deputy Joan Collins: The latter question was not really answered.

Deputy Joan Burton: I will come to it later.

Chairman: Perhaps we can deal with it now because it has been asked.

Deputy Joan Burton: In the Department there is wide consultation with different groups on a continuous basis. We engage in consultation with people with disabilities and organisations that represent those with disabilities. At official level we frequently sit down with organisations to discuss how the structures work. I have received, on behalf of the Department, positive feedback from members of all parties represented in the House on the system for awarding invalidity pensions and, specifically, dealing with the backlog. Deputies have spoken privately and publicly on the floor of the House to thank staff in the Department for dealing with the backlog. I do not quite understand the point made. We inherited a difficult situation because of the explosion in the overall number of claims in respect of the vast number of people who became unemployed.

Medical assessments are carried out by qualified medical practitioners. It is based on what an individual's medical advisers have advised the medical assessor. When people make claims, they do not always bring forward all elements supporting the application. When assisting someone to make an application successfully, it is important that all of the medical information indicating why he or she should be awarded an invalidity pension be submitted as early as possible. The medical review and assessment service is the principal control mechanism for the illness and disability schemes administered by the Department. Medical assessors carry out desk assessments of medical evidence and reports which are supplied by clients. Where required, they conduct in-person assessments in order to provide a second medical opinion for the guidance of deciding and appeals officers. All assessments are carried out in accordance with the accepted guidelines of the Irish Medical Council. It is very much dependent on the medical evidence, on the medical assessor assessing that evidence and then advising on how the application should be dealt with. The deciding officer has no capacity in the context of the technical, medical evidence submitted. The deciding officer gets advice from the medical assessor and makes his or her decision accordingly.

A lot of work has been done in recent years on the forms to make sure they are readable. We have taken on board advice on the use of plain English and on the style of the forms. We have made every effort to ensure that those filling out the forms or those assisting them are given accurate, up-to-date and complete information. That assists people in submitting their claims.

Chairman: We will move on to the next programme which is the working-age income supports programme. I refer members to the Department's brief and the committee secretariat notes.

Deputy Willie O'Dea: We have been dealing with pensions and now we are dealing with the measures through which the State supports people of working age who do not have an income of their own or whose income is so inadequate that they need State support. Looking at the overall figures here, the provisional outturn for 2013 for expenditure in this area was €5.5 billion while the projected outturn for the current year is €4.883 billion, representing a reduction of 11.2% which is quite significant. What rate of unemployment is the Minister projecting? I have a few more questions but perhaps the Minister would like to answer that one now.

Deputy Joan Burton: Yes, I can give the Deputy the numbers. The rate of unemployment

will be a function of the numbers of people at work in the economy, immigration, emigration and so forth. Last year, the average live register figure was 419,000. As I said in my opening statement, in October of last year, the register fell below 400,000 for the first time. The register is somewhat seasonal and goes up and down at different times of the year. It rises, for instance, at this time of the year for a period and then falls again as the weather improves and so on. There are seasonal variations in the register. With that in mind, the projected average that we are working on for this year is 390,000. I must stress that the figure is an average. At this time of year, in deepest winter, the average will be higher than that but when we come into the summer and early autumn, we would expect the average to fall significantly. We expect the fall to be significant from autumn onwards and into the pre-Christmas period.

The average unemployment rate was 12.4% based on the last available figures. Given that the last published European average unemployment rate was just over 12%, we are now moving very close to the European mean. While that is a very high unemployment rate, it compares very favourably to where we were drifting towards, which was over 15%. When the Government came into office in 2011, the big fear then was that the live register would hit 500,000. In the event, it never did but 12.4% is very high. Obviously, the rate is even higher for younger people. We have an enormous job of work to do to get more people back to work. To reiterate, the figure last year was 419,000 and this year it is 390,000. That places a very significant demand on the Department. If we achieve those numbers on the live register, we will achieve very significant savings.

Deputy Willie O'Dea: The Department's document asserts that the changes in the lone-parent allowance were designed to eliminate financial disincentives to return to work. The most significant change in that regard is the reduction in the income disregard which means, in plain English, that if a lone parent goes out to work, that work, which is often part-time, will be less valuable and he or she will get less money. I fail to see how that is an incentive. It is a disincentive.

It is projected that spending on supplementary welfare allowances and exceptional needs payments will be reduced by €2.1 million. What was the total spend on these last year? As the Minister will be aware, there is an anomaly in the FIS system whereby if someone is eligible for FIS, the payment continues for 12 months, even if that person's circumstances change completely within a matter of weeks. A person may no longer be entitled to a FIS payment but will receive it for 12 months, regardless. Equally, another person may be entitled to a greater payment than the one he or she is receiving but the rate stays the same for 12 months. I understand the administrative difficulties involved in addressing that but has any effort been made in that regard?

Finally, in the context of JobPath, what is the ratio of officers to unemployed people at the moment?

Deputy Joan Burton: It is not enough.

Deputy Willie O'Dea: Not enough? I agree but I ask the Minister to provide the figures.

Deputy Joan Burton: I will take the Deputy's question about lone parents first and will use an example to illustrate the point I wish to make. Let us take a lone parent with one child who is offered a job which pays €300 per week. If that parent applies for FIS, he or she will get an additional €120 per week. More and more lone parents who are now in work are very significant beneficiaries of FIS. The significance of that is that if a lone parent is offered extra

hours or a higher rate of pay, for instance, he or she can take that up because the FIS payment is static for a year, as the Deputy already pointed out. We are now up to date with current and under-review FIS applications. Quite a big backlog had built up.

Self-employed people who become unemployed or farmers who suffer a catastrophic change in their income circumstances, due for example to bad weather, can now bring information to the Department on their current circumstances. In the past, such people had to provide information on previous years, including their accounting records, tax returns and so forth. People in that category now have quite a significant potential entitlement to a social welfare payment.

On the FIS, we would like to make the system more flexible. The advisory group on tax and social welfare is, at the request of my Department and the Departments of Finance and the Taoiseach, looking at the interactions as they apply now with regard to FIS to try to make it as attractive as possible for people to go back to work. We have not had any further major systems changes since we last discussed this issue, except that we are now bang up to date, which is enormously helpful to people. Of those who exited the one parent family schemes in July 2013, some 1,500 or 24% transferred to family income supplement, FIS, while others transferred to the jobseeker's allowance. Let me emphasise that next year we will spend in excess of €280 million on FIS which is an enormous help to families who are offered low paid work. Recently I was on the radio programme, "Today with Sean O'Rourke" in which Paddy O'Gorman had live clips from the social welfare office in Navan. Two or three of those interviewed were men with partners or spouses and children who said that around Navan much of the work on offer was minimum wage which was for single people, but in fact, with a FIS top-up the income of a couple with three children in which one partner worked 39 hours a week at the minimum wage of €8.65 per hour, would be an additional €225 a week. Neither employers nor people who are unemployed understand that. There is a commitment to pay it for a year after which time it is reviewed and will depend on one's circumstances. The top-up of €225 a week for a person who works for 39 hours a week on the minimum wage makes it comparable with other work. In all of the new Intreo offices we now prepare for people "a better off in work" statement. The Deputy may have seen an example of it on the day we were in Limerick. That allows somebody to put in their details, including partner and children and to show his or her entitlement to FIS, having worked for 39 hours at €8.65 per hour. A single parent with one child who earned €300 a week would get a top-up of €120. It is a significantly generous payment. That is the reason that lone parents, in particular, are turning to it. Many employers use the minimum wage as a baseline but pay two or three euro above it

I did not answer one of Deputy O'Dea's questions. We have more than doubled the number of case officers working with unemployed people on activation measures. We are considering working through some external partners and a tendering and information process has been under way for some time. There was a meeting in the Department in early January for further information on potential tenderers but because of the very significant numbers of people who are still unemployed and the opportunities that are there, I would be anxious to increase the actual number of case officers dealing with people. The number has doubled.

I will now deal with the issue of urgent needs payments and the supplementary welfare allowance scheme. An applicant for a payment under the supplementary welfare allowance scheme now has an appointment for a meeting in offices that have converted to the Intreo system. The actual number of supplementary welfare allowance payments has fallen very dramatically because people now come in with the correct information. I think Deputy O'Dea might be aware of it now from the way the system is working in Limerick, the people can be dealt

with and go on to their appropriate payment very rapidly, sometimes without recourse to SWA at all. What we are also doing is that as the Intreo offices roll out we are having community welfare officers on hand in the large Intreo offices to deal with people who have special needs payments. In fact the volume of people on supplementary welfare is falling very dramatically.

We issued guidelines to all the staff in January, setting out recommended maximum amounts for supplementary welfare payments. The recommended maximum amounts do not affect the discretion available to individual officers if he or she comes across particular hardship.

The urgent needs payment is a payment that can be made to persons who would not be entitled ordinarily to SWA, for instance people affected by the aftermath of the recent floods or a domestic fire in which their immediate needs may not be covered by insurance. It is possible to make urgent needs payments for absolutely required domestic items such as a cooker, help with the heating system or in a fire or flood with food, clothing, fuel and so on that may have been destroyed. In that case the legislation also provides that the urgent need payment can be recovered in whole or in part if the person is working or the loss is subsequently covered by insurance. Last year the amount of money spent on special needs payments was a relatively modest €102,000. The payment on the ENPs last year was €35.6 million. In 2014, we have provided an Estimate for €31.3 million, a reduction of about €4 million. The Deputy may recall that community welfare officers worked for the HSE and we supplied the funding. More than 1,000 of them joined the Department of Social Protection in October 2011 and are now fully integrated into the Department. Many of them have now become employment officers because they have very important and significant skills and experience of interviewing people. We are grouping the resources of the community welfare officers in the new Intreo offices to which people come in regularly. That has actually led to very significant efficiencies and, as a consequence, reductions in expenditure. In fact many of those people are now working helping people to get back into employment.

Deputy Aengus Ó Snodaigh: I have follow-on questions. I will stick to the exceptional needs payments, in particular the fact that changes in what was categorised as an exceptional need led to a substantial reduction in what was paid out. The Estimate for last year was more than €45 million but €35 million was spent. If the community welfare officers are now being located in Intreo offices, is it making it more difficult for people to access the community welfare officers? It is not a problem in an urban area but in the past community welfare officers seemed to be more accessible. I have had a number of complaints in the past week and I am still processing the difficulties in accessing community welfare officers for exceptional needs payments. I presume that some of this will have been triggered by clearance following on from the storms of recent days. I will forward the details to the Minister. Will the community welfare officers in Intreo offices be as available as they were in the past? There is also the issue of capacity as the Department rolls out the Intreo offices. If one knows how many people each official in an Intreo office is allocated, one can predict how many staff will be required to operate at the capacity needed to deliver the service for unemployed people promised under the Pathways to Work strategy. Some of those in the system are subsequently referred to local employment services and so forth. What is the shortfall in staff and what needs to be done to make up this shortfall? This information will determine the JobPath for which the Department is tendering, namely, the new scheme under which the Department will roll out a service through a private concern or joint venture.

If the current number of staff is inadequate, is this because the recruitment process or the retraining of officials has been slow? I understand a significant number of staff have done ad-

ditional training and upskilling in recent years and are in a position to deliver the service. I presume that as these staff come on stream, the Department's capacity to deliver the service increases. How many staff are needed to provide the Department with a full capacity to deliver on its promise? Is the figure a multiple of 100, a multiple of ten or in single digits?

Deputy Joan Burton: On special needs payments, the Deputy will appreciate that when this system operated in the old health boards and Health Service Executive it involved different regions or area and the level of oversight was limited to perhaps a town or region. In some areas, there was a strong tradition of making a payment for certain events, while the same payment may have been unheard of in other areas. The most striking payment, one which the Deputy and I have discussed previously, was the custom in Dublin of paying a special needs payment of approximately €300 for a holy communion ceremony. In many other counties, especially in the north west, no one had heard of this payment and none was made. When the community welfare officers joined the Department much more information became available at national level on different practices at local level. What we have done is standardised special needs payments and set out maximum payments for the purchase of items such as prams, buggies, cots, child and adult clothing and certain household appliances. This is a reasonable approach as the information collected at national and local level shows a significant convergence in prices nationwide when one takes into account large stores specialising in particular areas. The Department's decision to cease paying money for religious ceremonies last year contributed to the reduction in expenditure on special needs payments from €52 million in 2012 to €35.6 million in 2013.

On the issue of accessibility, those who are in receipt of a jobseeker's payment or social welfare assistance payment must regularly attend their local Intreo or social welfare office to sign on and confirm they are still in the country and available for work. It makes sense to locate the community welfare service either in Intreo or social welfare offices or close to them given that their customers are attending these offices in any case. The Department has greatly increased its use of an appointments system. The practice in the past was that a large number of officials held a clinic for one hour each week or fortnight which was attended by a couple of people or perhaps no one. Given that people are visiting their local office regularly for different purposes, it makes sense, in a time of scarce resources, to provide the service in these offices.

We are also providing a telephone service. As Deputy Ó Snodaigh will be aware, many people do not want to queue up in a public office and would prefer to do their business privately. Modern technology and communications provide significant scope for contacting community welfare service officers by telephone. As a result of changes we have introduced, customers are offered a dedicated service and officers will call to a person's home by arrangement. We are introducing a more modernised service, with modern information technology and telephone contact. I accompanied community welfare service officers visiting those who were worst affected by floods. As Deputies will agree, they provide a compassionate and considerate service to families who have been affected by disasters.

On staffing numbers, we have more than doubled the number of employment services officers to approximately 800. The local employment services were introduced with the FÁS employment services and are very valuable. We are utilising them very extensively to help unemployed people, particularly those who are far from the labour market, on their journey back to work or education. Members will also be familiar with these services from their localities.

As I noted earlier, in 2009 we saw a catastrophic increase in the number of people on the live register. Over a three year period, the number increased by more than 250,000 people. As

we get people back to work, I hope the numbers seeking to avail of these services will continue to fall. The catastrophic fall in employment in the period leading up to the change of Government created a large backlog of cases. We will seek to obtain additional assistance to deal with this spike, as we have done with success through the local employment services. A number of other organisations also provide a dedicated service and significant assistance to people. For instance, Congress centres provide a range of information services in a number of different locations. I am anxious to see not only the commercial private sector but potentially also the not-for-profit sector tendering for and being involved in some of this work. It would help us to identify employment opportunities and get people back to work faster and be of service to employers.

There are different international ratios in respect of the number of unemployed persons per case worker. We have been taking advice on this matter and we will examine contracts on a periodic basis to make up the deficits in line with what the Government agrees is appropriate given the numbers of unemployed people in need of assistance.

Deputy Joan Collins: I have one question on future developments. I was watching a programme the other night which was more about England, where they are probably one step ahead of us. Generally, when England sneezes Ireland catches a cold. The general thrust in its employment regime and for people going back to work is to have an emphasis on being self-employed or that people work zero-hour contracts. Many people there are underemployed as a result of the hours they get. How does the Minister believe this will affect the family income supplement, especially for people with families? Will it increase the amount of money that will have to be allocated to the family income supplement? I know from past experience and when I worked in a personnel section that many people did not even know that FIS existed. It was altogether under-used and under-accessed.

Deputy Joan Burton: Yes, I agree.

Deputy Joan Collins: Given the change in employment patterns or the type of work people are getting, does the Minister envisage more of a need for people to access FIS? Has the Minister factored this in?

Deputy Joan Burton: The advisory group on tax and social welfare has done a great deal of work and published several reports on how to help families with children in particular and how to ensure that in every house there is a job for at least one of the adults. The committee will be aware that if children are living in a household where no one goes to work, sometimes the outcome for those children is far below what all of us would desire, even in terms of attendance at school and going on to third level education.

Let us consider the economies of Sweden and Finland. I highlight these two countries because they do not have large populations whereas Britain has. We might be better off looking at some of the Scandinavian and northern European countries, where they have strong social welfare systems and support systems but also strong back-to-work, back-to-education and back-to-training systems. Both Finland and Sweden had bank and economic collapses 20 years ago or more, and not only that; their nearest neighbour, the old Soviet Union, crashed. The economy in what was the old Soviet Union, which then became Russia, collapsed and was utterly chaotic for a period. I have followed closely what those countries did. During the recent Presidency of the Council of the European Union, when I chaired the Employment, Social Policy, Health and Consumer Affairs Council, I learned that those countries have a strong social consensus. They believe it is important to provide people who are in need of supported income with income sup-

port. This provides for social cohesion but in terms of the economy it helps money to circulate in a Keynesian way as well. It boosts the economy because people who are on a pension spend money in their local shops and so on. Those countries have a public employment service, as we now have, located in their social welfare departments.

The first time a person goes in to sign on and get a jobseeker's payment should be the first step in going back to work. That is absolutely critical. The idea is to change what the International Monetary Fund has described on several occasions as a somewhat passive social welfare structure in Ireland. The fund has said it is good but passive and that, basically, the emphasis is on paying benefits. I would prefer an active system where people get income support but we also help them actively to get back to work and into activation - that is the technical term. It is important that this should happen.

I maintain there are many differences between our system and the system in the United Kingdom. I would prefer the northern European model. I prefer to look at countries such as Austria, which has low rates of unemployment and a small population. It is a small country like ours. I prefer to look at Finland. It is interesting to observe what is happening in the United Kingdom but I am unsure whether much of what that country is doing is applicable socially to the Irish situation.

I have read reports of the programme to which Deputy Collins is referring, but it is essential that the social welfare system is in place to support people and that people are treated with dignity. When people become jobseekers under our system, they sign a contract with us, and have done since I became Minister, to the effect that they will do everything required to get themselves back to work and we must help them back to work. That is our social contract. The British may have a different approach but I would not be led by what they do.

Deputy Joan Collins: The Minister referred to social contracts. However, the type of work being created now is not the steady work that existed eight or ten years ago which was full-time and permanent up to retirement. Much of the work now is precarious. What is the impact of this?

Deputy Joan Burton: I agree with Deputy Collins and that is rather worrying. One of the reasons I am a strong advocate of Ireland's need for a debt deal from the European Union down the road, because of what happened with the banking collapse, is so that we can invest in the training and education of our people. The calibre of jobs that people apply for and the income outcomes are heavily related to the level of education they have undertaken. Essentially, if we have a highly trained and highly educated workforce, then, all other things being equal, the income and wage levels of that workforce will be stronger. However, if we have a low-level or low-paid workforce then the income levels will be lower and the work, as Deputy Collins described, will be more precarious.

Why are we paying jobseekers the family income supplement if they go back to work and they have children? The reason is that the international and national evidence shows that if a person - this applies particularly to young men - becomes unemployed for more than six months then his self-esteem and self-confidence plummets. This happens even if the company closed down. Six months becomes a year, which becomes two years, and then people start blaming the unemployed person. We are spending money on supports in work to employers with JobsPlus. We are spending money on supports to families in work with the family income supplement. This is because all the evidence is that it is better if we can get people back into participation in the labour force, back into education and into participation at local level in community employ-

ment schemes, Tús or JobBridge. Some people have come out of college with high levels of qualification but are unable to get a job because of what happened in the recession. If we can get people back to work and then support them with continuing relevant training and education we can raise income levels.

Deputy Collins is right to say that the family income supplement was rather unknown and not taken up. With changes in technology in the Department and on the part of employers' payroll systems, it is far easier nowadays to have FIS applications made in a timely way and we are far better able to respond to it.

Two things are important. The first is to get people back to work. One of the highest levels of minimum wage is in Ireland, at €8.65 per hour. However, if a person only gets ten hours of work, that is only €86.50 per week. A person would be unable to live on that, certainly not if she is an adult with children. We need to get people working enough hours in order that they have enough income. If they need a supplement because they have children then the family income supplement is available. We pay the universal child benefit as well. Anyway, it is important that our system ensures that a person is always better off in work and the family income supplement is a major support to that end.

We are improving it as much as we can. It would be helpful if Deputy Collins or any Member let people know about it. When I was on "Today with Sean O'Rourke", Paddy O'Gorman was in the studio playing the interviews he had done in Navan. What stood out was that the three men who were very nice people had mentioned having children, but not one of them was conscious that with two or three children he would receive very significant assistance.

Deputy Aodhán Ó Ríordáin: I thank the Minister for her presentation. My question centres on family income supplement, too, which the Minister has addressed. Another way of looking at it is that, in effect, we have spent €250 million, which has been increased to €280 million, to support approximately 50,000 families who are in work but so poorly paid that the State must intervene to keep them out of poverty. Do we need to have another conversation about what the Minister has mentioned before, a living wage? We spend a great deal of time discussing the social protection system and words such as fraud, dependency culture and so on always come into the conversation. When I dig deep into the figures, it appears that there is an element of corporate welfare, whereby the State is spending €280 million to support those in work because employers are not giving them enough hours, as the Minister said, or not paying them enough. Where do we strike the balance? How do we ensure those who are in work are paid a dignified wage and not dependent on the State? How do we strike a balance between supporting those whom we need to support, to encourage them to stay in employment and have that routine in their lives which, as the Minister said, is crucial, and talking to employers about their responsibility to lift people out of poverty, without having to depend on the goodwill of the social protection system? There is a serious conversation to be had about culture, values and dignity in the workplace.

Deputy Joan Burton: I am making my calculations. If somebody was to take up a job at €8.65 per hour for a 39 hour week, he or she would receive a gross payment of €338.52. If that person were single, he or she would receive €188 per week on social welfare. The comparison is absolutely clear for a single person. There have been discussions, particularly in Germany, about raising the minimum wage as a way of increasing domestic demand by putting money into the economy through the hands of workers. The critical issue for us is that because ours is relatively high it is very advantageous for a single person, but when one is paid an income, an employer does not take one's family responsibilities into account. An income of €338 per week

for a person with two or three children and a spouse is, relatively speaking, much lower. Family income supplement for a family in that situation with three children would be €225 per week. That would bring total earnings up significantly, to approximately €550 a week, a significant amount in the context of earnings in Ireland.

How, in general, can we raise people's wages? The critical factor for the economy, particularly for families with one or two adults and in which nobody has meaningful work, is that these children are most at risk of having negative or poor educational and employment outcomes. Economic planning needs several elements such as investment in training and education because, broadly, the higher the level of one's education, the higher the earning potential when one goes out to work. People on low wages need an adequate social insurance system because even a single person, once he or she has paid tax and the universal social charge, contributions and so on, would not have much left to pay into a pension scheme. As the economy recovers, when employers take on people, they try to decide whether they will add value to their business. The cash flow from the bank may not be very strong, which is why we offer JobsPlus to employers. If they take on someone who has been on the live register for over a year, we offer €300 a week, which is a significant supplement. If the person has a family, he or she may also receive family income supplement. That may allow the employer to pay the person more. It certainly reduces the cost to the employer. We are also preparing in-work statements for people in that situation to show that work has to pay.

The other big poverty trap is met by someone on rent supplement who is living in private rented accommodation. We have done a great deal of work to run the first pilot scheme to transfer the scheme to the local authority in the spring, in Limerick. That is a difficult, challenging job because there are 66 local authority rent schemes, all with different computer systems, different levels of rent payment and so on. The Department of the Environment, Community and Local Government has a big job to do in that respect and is working on it. The aim is to get people back to work. We may subsidise it initially, but as the economy recovers, the demand for labour will drive wages up. Many employers pay above the minimum wage. It is critical for someone starting out to be given enough hours. There really is no argument for single people between getting €188 in social protection and €338, minus a small amount of pay-related social insurance, PRSI, and USC, on the minimum wage.

Deputy Brendan Ryan: The Minister is reporting very good performance outputs in reducing processing times across the various payments. How are we doing in respect of waiting times in the appeals office? Is there an equally successful performance?

Deputy Joan Burton: On 31 December 2012 there were 20,414 appeals in hand. On 31 December 2013 there were 14,770, a fall of 28% in the backlog of appeals. During 2012 a total of 32,588 decisions were made. During 2013 a total of 38,421 decisions were made, an increase of 18%. We are beginning to get through the backlog, but it is still significant. As our technology improves, I hope we will be able to deal with a significantly greater number of cases through review rather than have to go to the appeals office which is an independent process. Once it goes to it a certain amount of time is involved in the initiation of an appeal. That is a separate process from the work of the Department. It is also falling because clearing the backlog in the award of invalidity pensions has cut down on the number of appeals and is likely to continue to do so in the future. As people return to work the number of appeals is likely to fall.

Deputy Brendan Ryan: Has an aggressive, achievable target been set for this year?

Deputy Joan Burton: Yes. The target is to deal with the back log of 14,000 appeals for

this year. Last year's starting figure of 20,000 was reduced to 14,000. Our target is to reduce that figure significantly in this year. We are on course to achieve that target.

The chief appeals officer has overseen staff training in making decisions on appeals. If a claimant presents full information with the initial appeal then a summary decision can be made which can deal with the case then and there. Unlike the systems in other countries, our system is not a one-shot appeal system where all the information is provided once. As Deputy Collins mentioned, if more information is required such as additional medical evidence, our system allows for this to be presented at a subsequent stage. If the revised decision system is working as efficiently as possible this will also help to reduce the number of appeals, as will initial decisions which have been supplied with all the required information.

The Department has worked to ensure that the application forms are clear so that applicants have the full information. The new Intreo offices have general reception desks which provide information on what applicants need to provide. There is a greater emphasis on information which it is hoped will help applicants. For example, medical letters which do not provide exact and sufficient information about the applicant's medical condition to the Department's medical assessor are not helpful. Such information may be a personal view of the person's GP in a wish to help him or her. The chief medical officer has been working with doctors to improve the quality of information provided to the Department and so that they understand what is required by the medical assessors with regard to description and specific explanation of medical issues.

Chairman: We will discuss the programme dealing with working age employment supports.

Deputy Willie O'Dea: This programme contains provisions to assist people to come off the live register into employment. I refer to a figure of €13.5 million allocated for JobsPlus and €82.3 million allocated for JobBridge this year. How many people will benefit from these schemes? I have a question about JobBridge. The voluntary internship scheme provides experience but participants work for long periods for nothing but the basic social welfare payment. I note that local authorities in my part of the country have taken up this scheme. I ask the Minister to comment.

What is the situation with regard to the youth guarantee scheme and the Gateway programme?

Deputy Joan Burton: I will deal with the youth guarantee question first. Before Christmas, the Department submitted the Irish application and statement on the scheme to the Commission. We await the reply. We also commissioned the OECD to report on how the youth guarantee might work in Ireland. The submission to the Commission and the OECD report will be published early next Tuesday afternoon, subject to Cabinet approval on Tuesday morning.

A pilot scheme in Ballymun has brought together all the organisations dealing with young people who are unemployed or who have left school or training before completion. The pilot scheme will provide a complete service to these young people. I will be visiting the project later today to hear an update on progress over the past months. The Intreo system will be used to interview the young people who have been unemployed. Early school leavers need to be identified to ensure they take up the available education and training places. For those over 18 years the local social welfare officers will interview them to provide advice about career development which may result in a return to education and work training. My colleague, the Minister for Education and Skills, Deputy Ruairí Quinn, has set up SOLAS which will take over the former

VECs and the FÁS training centres. We had a lengthy meeting with Solas before Christmas. The Department will send clients to SOLAS for training, education and work experience.

At the end of December 2013, approximately 1,100 people were participating in the JobPlus scheme and were in receipt of payment. We had spent over €1 million at that point on JobsPlus. Given the level of interest in the scheme we estimate that this will increase significantly during 2014. I repeat the message to any employer who may be listening. If an employer takes on a person who has been on the live register for more than one year, the employer will receive €300 a month by electronic fund transfer for every month up to two years that the person is employed. If the person has been out of work for more than two years, the employer will receive more than €400 a month. This is a significant incentive. We intend to make it attractive for employers to take on young people under the age of 26 and to make the JobsPlus offer available to employers who employ people who have been unemployed for more than six months.

On 10 January 2014, a total of 6,451 interns were in the JobBridge scheme and 1,726 internship opportunities were advertised. Since the scheme was launched on 1 July 2013, approximately 25,000 people have participated in JobBridge. The very good news is that significant numbers have gone on to secure further work. In addition, significant numbers leave JobBridge after the first four or five months because they have been offered a job, either by their host employer or through a network of contacts they have established. It has been an extremely successful initiative. It is a voluntary scheme and not for everybody, but it has proved of value to large numbers of participants.

Some 9,000 companies have offered JobBridge experience to scheme participants and we carry out extensive monitoring and checking of all of them. That information is then posted to the website. The last figures I saw showed there had been some 4,400 site visits to access information on JobBridge interns, which is very high. We also have a system of immediate web contact with either the intern or host organisation where difficulties arise, which has happened in a very small number of cases. It is important to note that we impose no criteria in terms of participants' academic qualifications. Some are under the impression it is just for graduates, but, in fact, the latter comprise only some 25% of all participants. Having said that, participants do include people with masters and even doctoral qualifications. It is very sad to have a situation in this country where young people and their families invested so much in education only for them to emerge into a bleak world of high unemployment. JobBridge has helped large numbers in that situation. I meet people all the time throughout the country who tell me they are very happy with their internship experience. I attended a concert at the weekend at which I was approached by several people whose siblings or children had found this to be the case.

JobBridge has been a very successful programme, but it is only one element of a suite of departmental initiatives. I take the opportunity to compliment the Irish Local Development Network on its work with communities throughout the State. I was told when I initiated the programme that it would achieve nothing. Instead, more than 7,000 people at any one time are giving 19 hours a week in very valuable community contributions, which are also helping them to get back to work. More than 20,000 people are participating in community employment schemes, thereby contributing enormously important assistance and services to their local communities. If we include the 20,000 participants in the back-to-education scheme at any one time, more than 85,000 people are being assisted under the various programmes. In addition, 10,000 to 12,000 people at any one time are working on starting their own business with the help of the back to work enterprise allowance.

There is no magic bullet that will fix unemployment in Ireland. It is about getting the coun-

try back on its feet economically and eventually securing a better deal from the European Union on the long-term bank debt we incurred as a result of the crisis. It is about utilising the series of initiatives I have outlined, as well as the work being done by the Department of Education and Skills in training people in the skills that are in demand.

Chairman: I am conscious that our time has largely been used up. As such, I propose that we take the remainder of the programmes in one go, with members being free to put a question on any of them to the Minister.

Deputy Brendan Ryan: I have a question on the programme we are discussing. What are the comparative costs as between a Tús participant and a community employment scheme participant?

Deputy Joan Burton: Table No. 11 on page 19 of the documentation shows that we estimate expenditure of some €120 million on Tús in 2014.

Deputy Brendan Ryan: I am specifically interested in the cost per participant for the two schemes I mentioned.

Deputy Joan Burton: In the case of community employment schemes, the average cost per payment to a participant is some €265.26, while the figure for Tús is approximately €273.95. The difference arises because participants in Tús are drawn from the ranks of the long-term unemployed who tend to be younger and have more dependants. This makes the average payment higher than that for community employment participants.

Deputy Joan Collins: Are people who commence any of the programmes we are discussing taken off the live register? In other words, are they all counted as being in employment or do different procedures apply in this regard in respect of different participants and schemes?

On the fraud and control element to which the Minister referred, what are the criteria applying to recipients of jobseeker's payment in terms of the requirement to seek work? Is it necessary, for example, to produce evidence of having applied for two, three or five jobs per month?

On pensions, the Minister has made the important point that recipients of the State contributory pension have already been paid for that benefit. In the context of fraud and control measures, will she indicate whether significant numbers in receipt of the contributory pension are having their payment cut off?

Deputy Joan Burton: On the last point on pensions, the answer is no. However, we are required by the Comptroller and Auditor General and the Committee of Public Accounts to carry out random checks of all headings of social welfare expenditure where people are in receipt of income support. The Comptroller and Auditor General's office has made clear this requirement in each of its reports in the past five to eight years. It is a requirement with which we must comply by way of full surveys of a minimum of 1,000 people, including lone parents, pensioners, child benefit recipients and so on. In addition, we write to more than 1 million people to check whether they are still residing at the address given.

Regarding what subsequently happens to people who have signed on for a jobseeker's payment, under the new system, they are also signing on for the services of their local Intreo office which include the provision of a personal services card. That has been rolled out in the new offices to all jobseekers. Persons who are approved for a jobseeker's payment are required, as part of deterring fraud and abuse, to collect their money at a post office. On the other hand,

pensioners and those in receipt of other long-term payments have a choice of payment methods such as having their money paid into a bank account or their local post office. The Deputy will be pleased to hear that just before Christmas we signed a contract with An Post - I believe she worked for the latter in the past - which is worth €50 million to it to provide social welfare services on behalf of the Department. In rural areas and in many city suburbs, the post office is very much the location of choice for people to obtain their social welfare payments. We also ask jobseekers to present at their local post offices because this is a further way of checking that they are in the country and available to collect their payments. New jobseekers receive personal services cards which include their photographs and various details by means of which they can prove their identity. Those cards can be matched against our IT and facial recognition technology. We receive weekly reports containing photographs of persons in possession of personal services cards - the system is similar to that used for security purposes in airports - in which similarities to images of individuals who have already signed on at other offices have been detected. The facial recognition technology allowed us to apprehend one individual with five different identities.

As already stated, people are assisted in getting back to work. They take part in general group interviews and are then dealt with by individual case officers. In the context of the latter, a one-to-one discussion takes place as to what is best for a particular person in terms of ensuring that he or she returns to work. When people come to our social welfare offices, they are also profiled. Their previous work experience and levels of remuneration, details of their education and where they live are all taken into account. Where a person lives may be a factor in the context of how far he or she can realistically travel in the interests of taking up an employment or educational opportunity. Based on the details provided, we arrive at what we call a probability of exit, PEX, from the live register. If a person has a high PEX score, he or she has a correspondingly high probability of exit from the live register. In that context, if a graduate is made redundant when his or her employer ceases operations, there will be other firms that are seeking to employ him or her. We would say that it is more than likely that he or she will find employment within six months. On the other hand, a person who left school at 16 and who worked in construction - he or she may have worked very hard but jobs in this area are much more scarce than previously - may need support in the context of returning to education. An issue also arises in respect of those with little or no literacy or numeracy skills. In order for such individuals to obtain employment, that issue must be addressed.

A series of checks, balances, means of encouragement and interviews are in place for people who are unemployed. If a person does not respond to letters or requests to attend at his or her local social welfare office, does not respond to requests to attend for interviews or is not really interested, he or she may be busy doing something else with his or her time. In such instances we have the power - we have used this sparingly since it became available to us in April 2011 - to reduce his or her social welfare payments by up to €44 per week. Last year, we reduced the payments of approximately 3,000 people. Our aim is to help people on jobseeker's benefit or allowance to return to work or to avail of education or training opportunities. Our staff are very supportive of people but we require that individuals co-operate with us. That is the way the system works.

Reference was made to England. I am only aware of the position in that jurisdiction as a result of certain media coverage in Ireland. We obtain enormous co-operation from people on a voluntary basis. I have visited social welfare and Intreo offices throughout the country and I am aware - as, I am sure, are members - of people's great desire to obtain employment and become financially independent. The level of co-operation with officials of the Department is

extremely high. I take this opportunity to request that employers give real consideration to the talent that is available on the live register and to help those who lost their jobs through no fault of their own in returning to work. The Department is involved in supporting those employers who assist people in regaining employment.

Chairman: If there are no further questions on employment supports, we will move on. I will now take questions on the remaining programmes.

Deputy Willie O'Dea: In the context of the change to the illness benefit provisions, whereby instead of not being paid for the first three days people must now wait six days, has the Department carried out an analysis of the percentage of employees who are covered by proper sick pay schemes in their places of work? People may be able to survive for three days without payment but if they are obliged to do so for six days, they will need to have access to the services of community welfare officers.

During the past year, the Minister commented on the child benefit system on a number of occasions. Does she have any plans to change that system? Is the report on child care that we debated last year dead and buried? Has it been consigned to oblivion?

In the context of the abolition of the free telephone rental allowance, the Minister will be aware that many people expressed concern with regard to security, alarm systems, etc., particularly in the context of the impossibility of linking the latter to mobile phones. Has the position in this regard been resolved?

On the abolition of the burial grant, a funeral in Limerick can cost up to €5,000, while in Dublin the amount can be almost twice that. In many instances I have found - I am sure the position is similar for other Deputies - that as a result of the cost of funerals, even when people qualify for the bereavement grant it is still necessary for them to apply to the HSE for a top-up by way of the burial grant. From where will they get the money to bury their dead now? Burial grants are part of the exceptional needs budget.

Deputy Joan Burton: As the Deputy knows, the number involved is significant.

Deputy Willie O'Dea: Yes, but the budget for exceptional needs payments is being reduced this year, even though demand is going to increase. People who hitherto would have qualified for a payment of €800 will not now qualify. The latter is a small sum, particularly if a funeral costs €7,000, €8,000 or €10,000. How does the Minister propose to square that circle? In light of the OECD's report on pensions, which was published last year, what is the current state of play with regard to the review of pensions?

Deputy Joan Burton: In the context of the bereavement grant, the Department makes a number of payments to people who have unfortunately been bereaved. In the case of a widow or widower whose spouse has died, we continue to pay the social welfare pension of the person who has died for six weeks. That is worth far more to people than the bereavement grant.

Deputy Willie O'Dea: That was done in conjunction with payment of the bereavement grant up to now.

Deputy Joan Burton: In the case of a widow or widower with a dependent child or children, we pay a special grant of €6,000 on the death of his or her spouse. I am sure the Deputy will agree that this is a significant amount. As the Deputy said, we also make exceptional needs payments, dealt with on a case by case basis, to meet funeral and burial expenses. During the

debate on the Bill I gave Deputies the details of the amounts paid in different parts of the country. As Deputy Willie O'Dea noted, burial costs are very significant in different parts of the country. Many of the bereavement grants were paid to the estates of people who were deceased; those who inherit an estate are often the nieces and nephews of the deceased person and who might also inherit the property of the deceased.

In having to find savings last year which, unfortunately, we had to do because of the situation in which we had found ourselves on entering government I decided that the payments made on bereavement to the next of kin, the widow or widower, would continue, that they would continue to receive the six week payment, that a widowed parent would continue to receive the €6,000 payment and that the special needs payment would continue. These are significant amounts and all target immediate next of kin and dependants of the person who has died. That was the best way of addressing the matter. Given the fact that we are paying €160 million extra in pension payments this year alone, as the Deputy discussed, we had to find some savings and, unfortunately, that was one area in which it was appropriate to do so.

On the new treatment of sick days, at this point in January we do not have data for how that is working out, but when I obtain more information, probably towards the end of March, I will give it to the Deputy and bring it forward for discussion. He asked how many employers had sick pay schemes in place. According to IBEC, 75% of employers who are members of that organisation have occupational sick pay schemes in place, by which, obviously, many employees are covered. In the public service and organisations funded from the public service there are generally sick pay schemes in place also. Significant numbers are covered by sick pay schemes, but I am not quite clear on exactly how many are covered. As we develop the new scheme, I am sure we will receive more information which we will make available to the Deputy who also asked another question.

Deputy Willie O'Dea: I asked about the telephone rental allowance scheme.

Deputy Joan Burton: The Department of the Environment, Community and Local Government is responsible for the seniors alert scheme which provides grant support for the supply of equipment to enable older people without sufficient means to continue to live securely in their homes. The grant assistance is made available to community and voluntary groups registered with the Department. I understand organisations dealing with older people deal with local area bases in respect of community schemes and the Department. Significant numbers were dealt with last year. Another aspect - this is a positive development - is that technology is changing and improving and where formerly the alerts were only linkable with land lines, they are now being linked with mobile phones. Mobile phone coverage in many parts of the country is very good and more individuals, including older people, now use and carry their mobile phone.

On the living alone allowance, older people living on their own receive an allowance of €7.70 per week from the Department in recognition of the extra cost involved.

Chairman: On the issue of mobile phones, I made inquiries on behalf of a constituent who wanted to cease their land line service because of the cut in the allowance. I made inquiries with one of the social enterprise offices that provided alarms and learned that they did not provide the service in the case of mobile phones as there was a problem in that respect. I was advised that there was an issue with SIM cards. I do not know the technology, but the information I was given was that there was a problem with mobile phones in that respect.

Deputy Joan Burton: The answer is no in regard to some organisations. They have spoken

to me about improvements in technology. From talking to them, I appreciate it is important that people have such contact. I stress that, in addition to the other pension payments, we pay an additional €7.70 a week to older people living on their own.

Deputy Willie O'Dea: That is not new; that payment has been in place all the time.

Deputy Joan Burton: I am aware of that. As I said and acknowledge again, ensuring an adequate income for older people, widows and pensioners, has been a core principle across the political divide and I hope it is a very solid agreement among all political parties.

Chairman: Does Deputy Brendan Ryan have questions for the Minister?

Deputy Brendan Ryan: On administration, I note there are three elements to Table 24, one of which is salaries, wages and allowances, in respect of which I note there is 4% reduction. Is this linked with the Haddington Road agreement?

On training and development, I assume this relates to the switch in emphasis in the Department in training people in terms of activation. I would be interested to hear the Minister's comments on this.

On the issue of consultancy, what types does the Department need?

Deputy Joan Burton: On the Deputy's first question which was related to wages and salaries, he is correct that the reduction in costs is down to the Haddington Road agreement. It is also related to the employment control framework whereby the number of staff the Department can employ is limited by the Department of Finance on a reducing scale. Training and development and incidental expenses under subhead 3 also include a contingency provision of approximately €4 million in the event of a disaster or flood damage to an office or a fire in a premises which has to be reinstated. That is the reason there has been a significant underspend because, happily, last year we did not have to use any of the provision which we will carry forward again this year.

Deputy Brendan Ryan: What about consultancy costs?

Deputy Joan Burton: Subhead 7 relates, for instance, to the ESRI which operates a model in terms of economic income distribution in Ireland called SWITCH. It examines the social impact of budgets. We pay the ESRI for that service.

On pensions policy reserve, about which I spoke, last year we commissioned the OECD to do some work. There are also ongoing reviews of pension fees and costs to pension scheme contributors. We also have an ongoing modernisation programme in the Department. We receive advice on how to do this in upskilling and training staff on IT developments, about which I spoke. We have what is called Business Objects Modelling Advice and Expertise. To deal with and reduce backlogs, we have used advice extensively in updating and upgrading IT platforms. Other headings in that regard relate to value for money policy reviews and other such areas. We also carried out a review of the domiciliary care allowance and how it was operating. We get advice and technical advice on that.

Chairman: I have a question on a scheme but I cannot remember its title. I think it refers to jobs but it is not JobsPlus. It involves tendering out to private companies to get people recruited for jobs. Given that public money is going to a private firm, someone raised the importance of the need for transparency in how such companies are taken on by the Department. Does the

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Minister have any comments in that regard?

Deputy Joan Burton: Yes. The programme for Government contained a commitment to use, if necessary, external resources, which does not relate simply to the private sector but could refer to the not-for-profit sector, voluntary organisations or community organisations. The Department already outsources a significant amount of work. I referred to the contract for An Post that we signed before Christmas, which is worth approximately €50 million a year. Particularly in rural areas and smaller towns, we also have social welfare offices which are run by a local service provider who is paid a fee by the Department. The Department has a long record of working with the private sector, the not-for-profit sector, and the voluntary and community sector. This is not a particularly new development. The programme is called JobPath. What we have been doing over the last year is talking to private providers, having taken some advice internationally about how private provision has worked in other countries. In July 2013 we issued a prior information notice in which we advised the market that the Department was considering the potential of contracting third-party providers of employment services. We held two information sessions in July. In December we published a request for tenders. The closing date for the tenders is 28 February 2014. We would expect then to be able to advance the tender process some time at the end of April or May and services, therefore, might commence in late 2014. A lead-in time is allowed to build up for the process.

Members might be aware that the Department of Education and Skills operates a programme called Momentum, which provides educational services. The providers of those services have been from a variety of backgrounds, many from the private sector and some from the public sector and the not-for-profit sector.

Chairman: What amount of money is involved? How much does the Department intend to spend overall per annum?

Deputy Joan Burton: We will not know until we get the return of the tenders because, essentially, we will ask people to provide employment support services specifically with the idea of getting people into work. One example we have currently is the local employment service, which involves locally established companies. There are a number of those around the country. We outsource social welfare clients to them and they give detailed advice, support and hand-holding to get people back into education or work. We already have the model in operation. The model for JobPath is similar. People would be remunerated to a significant degree based on outcomes. In other words, we will not hand over large amounts of money unless people are committing to specific levels of outcome. The tender process is under way currently. There has been much discussion as well of other organisations at local level seeking to build up co-operative partnerships. I have seen references to that in the media. We will come back to you, Chairman, when we have more information, probably after Easter.

Chairman: The committee would be interested in examining the issue as well. If there are no more questions then I will conclude. We have had a long day. I thank the Minister and her officials and the Members present.

Message to Dáil

Chairman: In accordance with Standing Order 87, the following message will be sent to the Dáil:

SELECT SUB-COMMITTEE ON SOCIAL PROTECTION

The Select Sub-Committee on Social Protection has completed its consideration of the following Estimate for public services for the year ending 31 December 2014: Vote 37 – Department of Social Protection (Revised).

The select sub-committee adjourned at 4.05 p.m. *sine die*.