

DÁIL ÉIREANN

COISTE SPEISIALTA UM FHREAGRA AR COVID-19

SPECIAL COMMITTEE ON COVID-19 RESPONSE

Dé Máirt, 7 Iúil 2020

Tuesday, 7 July 2020

Tháinig an Coiste le chéile ag 9 a.m.

The Committee met at 9 a.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	
Richard Boyd Barrett,*	
Colm Burke,	
Jennifer Carroll MacNeill,	
Michael Collins,	
Cormac Devlin,*	
Pearse Doherty,	
Mairéad Farrell,*	
Kathleen Funchion,+	
Gary Gannon,+	
Neasa Hourigan,*	
Gino Kenny,*	
Ged Nash,*	
Fergus O'Dowd,	
Louise O'Reilly,	
Christopher O'Sullivan,*	
Marc Ó Cathasaigh,*	
Donnchadh Ó Laoghaire,*	
Aodhán Ó Ríordáin,*	
Matt Shanahan,	
Róisín Shortall.	

* In éagmais / In the absence of Deputies Mary Butler, David Cullinane, John McGuinness, Bríd Smith, Duncan Smith and Ossian Smyth.

+ In éagmais le haghaidh cuid den choiste / In the absence for part of the meeting of Deputies Pearse Doherty and Róisín Shortall.

Teachta / Deputy Michael McNamara sa Chathaoir / in the Chair.

Business of Special Committee

Chairman: We have been notified that Deputies Ó Cathasaigh, Hourigan, Devlin, Mairéad Farrell, Ó Laoghaire and Funchion will substitute for their party colleagues today.

Are the minutes of the meetings of 30 June and 2 July agreed? Agreed. I will take the 11 items of correspondence received as noted. Deputy Doherty has submitted a questionnaire for commercial banks. I take it that it is in order for those letters to be issued. Agreed.

Following the meeting of the committee's working group last Friday, the committee's work programme has been agreed until the end of July and circulated to members. Four reports are currently being drafted on the subjects of supports for the economy and business; testing and tracing; Covid in nursing homes; and an interim progress report. The working group also agreed that the committee will meet using Microsoft Teams to read those reports and that priority will be given to the report on supports for the economy and business so that it can feed into the Government's July stimulus package. Furthermore, we propose to dispense with the reading out of opening statements in sessions from next week. I will contact Deputy Carroll MacNeill to see whether she is available to chair the first session on Friday morning. If not, I will-----

Deputy Jennifer Carroll MacNeill: That is fine.

Chairman: The Deputy is available. Deputy Cullinane shared the Chair for the last one. That is great. I thank the Deputy.

Impact of Covid-19: Overall Fiscal and Monetary Position

Chairman: I welcome our witnesses for this session on the overall fiscal and monetary position. We are joined from committee room 1 by the Governor of the Central Bank, Mr. Gabriel Makhoulf, and by Mr. Mark Cassidy, director of economics and statistics at the Central Bank. We are also joined by Mr. Frank O'Connor, director of funding and debt management at the National Treasury Management Agency, NTMA. I thank them all for joining us.

I advise the witnesses that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. If they are directed by the committee to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable.

I call on Mr. Makhoulf to make his opening statement and ask him to limit himself to five minutes as his statement has been circulated in advance.

Mr. Gabriel Makhoulf: I welcome the opportunity to appear before the committee today to discuss the macroeconomic impacts of Covid-19 and the monetary and fiscal policy response. Since our written submission of 9 June, we have published both our half-yearly financial stability review and, last Friday, our latest quarterly bulletin. Both have focused extensively on the

impact of Covid-19 on the Irish economy and the macrofinancial environment, as well as the risks to the outlook.

The pandemic has caused a very sudden and severe contraction in economic activity across the world. The speed and scale with which this unfolded has been unprecedented and has posed an unparalleled challenge to the community and to governments and policymakers everywhere.

In most countries, including Ireland, the policy response has been twofold. It has involved, firstly, public health measures which have, by necessity, interrupted economic activity and, secondly, a range of fiscal, monetary, macroprudential and microprudential policy actions to cushion the impact on the economy and the wider community.

The Central Bank's mandate includes monetary and financial stability and ensuring the financial system operates in the interests of consumers and the economy as a whole. Our primary focus since March was on ensuring the financial system absorbed the shock, supported households and firms through the crisis and was ready to support the recovery. The actions we have taken, including those taken with our colleagues at the European Central Bank, ECB, have been designed to ensure supportive financing conditions, enabling credit institutions to absorb losses and to support lending to businesses and households.

Real-time data for the Irish economy point to a trough reached in April and an increase in activity as the economy reopens. In recent weeks, we have seen the beginning of a return to work in some sectors and a decline in the numbers in receipt of income supports. Payments data also point to some rebound in spending. However, overall economic output has declined substantially in recent months and remains significantly below pre-Covid levels. Our latest projections imply a fall of approximately 20% in underlying domestic demand in the second quarter of this year.

The outlook is very uncertain. The path ahead for the economy will depend on the future path of the virus, the degree to which containment measures need to remain in place or be re-introduced, and the immediate and longer-lasting effects on behaviour and economic activity.

Given the scale of uncertainty surrounding the economic outlook, last week we set out two scenarios. One – our baseline – assumes that the phased easing of the containment measures takes effect as planned. The other – a more severe scenario – assumes the current containment measures remain in place for longer because of a resurgence of the virus. Under our baseline, consumer spending is projected to rebound in the second half of this year but to decline by 10% for the year as a whole. Overall, the recovery is expected to be gradual, reflecting a lingering effect of the shock on consumers and businesses. Contact-intensive sectors, which also tend to be labour-intensive sectors, are likely to be the slowest to recover. The unemployment rate is set to decline from its second quarter peak of about 25% as the year progresses and it is projected to be around half that level by the end of this year. GDP is projected to fall by 9% in 2020 with output recovering to its pre-crisis level by 2022. Under the severe scenario, GDP will fall by over 13% this year and output would not recover to its pre-crisis level until 2024. Both scenarios assume that a free trade agreement between the EU and the UK with no tariffs and no quotas on goods takes effect in January 2021. If that does not happen it is likely that growth in the Irish economy will be weaker.

The unprecedented challenges posed by Covid-19 have been met by exceptional policy action. The Government's response to the pandemic is estimated to cost around €9 billion, with a further €7 billion being made available through indirect supports such as credit guarantees and

rate deferrals. Our own immediate macroprudential policy response was the reduction in the countercyclical capital buffer, which made an additional €940 million available to absorb losses or to be leveraged to maintain and extend lending.

As for monetary policy, the Eurosystem has put in place a series of measures aimed at supporting the smooth provision of credit. Overall, the policy actions in the area of fiscal policy by the Government, monetary policy by the Eurosystem, of which the Central Bank is a part, and macro and microprudential policy by the Central Bank and other authorities have helped to mitigate the amplification of the immediate shock and enabled the financial system to provide support through the crisis.

Households, businesses and the financial system have entered the current crisis in a more resilient position than when compared to the onset of the financial crisis a decade ago. Looking at future policy, there are three areas I believe deserve careful consideration. First, policy should continue to focus on supporting the productive capacity of the economy and avoiding scarring effects such as long-term unemployment. Second, the rise in the Government deficit and debt ratios is both warranted and necessary and is currently affordable but the high level of debt will leave finances vulnerable to future shocks and it will be important for the Government to provide a clear and credible return to much lower and sustainable deficit and debt positions. Third, the country's ability to withstand the immediate impacts of the shock is partly a result of policy actions over the past decade. There needs to be a continued building of economic resilience to future shocks, including a more sustainable debt position but also the longer-term structural changes that would help to manage the challenges of international tax reform, the longer-term implications of the UK's withdrawal from the EU and climate change, among others. Dr. Cassidy and I are happy to take questions from members.

Chairman: I thank Mr. Makhlouf. We will now take Mr. O'Connor's opening statement. I also ask him to please limit it to five minutes.

Mr. Frank O'Connor: I thank the committee for inviting me here today. The State is in a strong position to meet its borrowing requirements. The most important fundamentals for investors, in deciding whether to lend to Ireland and on what terms, have not changed: these are the country's growth potential and its fiscal policy over the long term.

In addition, there are a number of other factors that are supporting our ability to borrow. The first of these is the turnaround in the public finances. Ireland has run a primary surplus, that is, excluding interest costs, each year since 2014 and an overall surplus for each of the last two years. This has contributed to a steady pattern of improvements in our credit ratings. This is best illustrated by Standard and Poor's upgrade from A plus to double A minus last November, returning Ireland to the double A category for the first time since the troika programme in 2010. In doing so, this put Ireland closer to core eurozone issuers such as France and Belgium, which are both double A.

To put that in context, just five years ago Ireland was rated sub-investment grade by Moody's, which is seven notches lower than our current rating. The trend of improving credit ratings has increased the pool of potential buyers of Irish Government bonds. This is positive for demand and further enhances our ability to diversify our investor base. We have done this in a number of ways, including being one of the first European sovereigns to issue green bonds.

The second supportive factor is the extent to which Ireland's debt position has improved over the past five years. Ireland's stock of debt is high, a legacy of the financial crisis. How-

ever, our debt profile and the cost of servicing the debt are much more favourable than the recent past. By way of example, five years ago the average cost of our debt was 4%, but today it is less than 2%.

Five years ago, our annual interest bill was over €7.5 billion but today it is closer to €4 billion, a saving of €3.5 billion annually. That saving gives options to policymakers that would not have otherwise existed. Five years ago, we were facing into a period of very significant debt refinancing, involving what we called a series of debt chimneys, with a total refinancing requirement of €70 billion for the four-year period from 2017 to 2020. By contrast, having used the favourable interest rate environment to smoothen and lengthen our maturity profile, we have much lower refinancing due in the next four years. Total maturities over the 2021 to 2024 period will be just over €27 billion, or a little over a third of the figure for the previous four-year period. Next year, there will be no bond maturities because we had previously taken a strategic decision to leave 2021 as a so-called gap year. With no borrowing required for the purposes of refinancing, this increases our flexibility and gives us more options. All told, we have a smooth maturity profile ahead and at over ten years we have one of the longest average lives in Europe. Our stock of debt remains high but presents a much lower risk to our economy than was the case in recent years.

The third supportive factor is the current low interest rate environment and the accommodative monetary policy stance being taken by the ECB. The ECB has increased its bond buying programme to well over €1 trillion this year. With the introduction of its pandemic emergency purchase programme, the ECB waived its previously self-imposed 33% limit on the purchase of any euro area member's stock of government bonds. This and other policy actions increase the probability that borrowing rates for sovereigns in the euro area will remain low for the foreseeable future. What gives us additional confidence is the fact that our relative position has improved enormously. Unlike the last crisis, when Ireland was perceived as a peripheral credit by lenders, in today's environment investors consider Ireland as a semi-core borrower, reflecting our credit ratings relative to other eurozone issuers.

Notwithstanding the support that low interest rates provide, we have to remain alert to the risks in the medium to long term posed by possible rising interest rates. As the chief executive of the NTMA, Mr. Conor O'Kelly, said recently at the mid-year review, these conditions are unlikely to last forever and debt taken on at near-zero rates today will eventually need to be refinanced in the future, and potentially at a higher cost.

Covid-19 is undoubtedly today's urgent priority, but the higher debt burden that is necessary to deal with the challenge brings risks. We are comfortable with the outlook for the next four years or so but are mindful of the ten years beyond that and the need to plan for that period well in advance.

I will conclude by updating the committee on how the NTMA has stepped up borrowing activity in recent months in response to the change to the Exchequer's budgetary position. In April, we told the market that we were increasing our guidance for the year from a range of between €10 billion to €14 billion to a range of €20 billion to €24 billion. Following a successful €6 billion syndicated transaction last month, we have now raised €18.5 billion from the bond markets. This represents 84% of the mid-range of the higher range of €20 billion to €24 billion. It gives us significant flexibility and leaves us in a healthy position to meet our remaining requirements over the second half of 2020. I have included four graphs in the opening statement that we circulated to the committee to illustrate some of these points. That concludes my opening remarks and I would welcome any questions.

Chairman: I thank Mr. O'Connor. I now open the floor to the first speaker who is from Fine Gael. Does Deputy Carroll MacNeill wish to speak for five or ten minutes?

Deputy Jennifer Carroll MacNeill: Ten minutes.

Chairman: I thank the Deputy.

Deputy Jennifer Carroll MacNeill: I thank all of the witnesses for coming in this morning.

Mr. O'Connor's professional day-to-day experience is in finding ways to finance and, indeed, refinance Ireland's debt position so that we can have the liquidity to put into supports like the temporary wage support scheme or the pandemic unemployment payment. I am sorry, but I do not know how long he has been in his position.

Mr. Frank O'Connor: Since 2012.

Deputy Jennifer Carroll MacNeill: He has been there throughout the period through which our credit worthiness has been rebuilt. I ask him to comment on that body of work, how it works on a day-to-day basis and how the changing of the fiscal position informs his experience in trying to raise finance and plan for the refinancing of Ireland's debt.

Mr. Frank O'Connor: Obviously, we interact continuously with investors. We do so physically on the road or, in more recent times, virtually. Of course investors are watching our debt metrics and the trend in our debt metrics. Understandably, Ireland had large deficits as it came out of the financial crisis. Our success in restoring our fiscal position - first the primary balance, so excluding interest costs, and then back to budget surplus - has worked well with investors. That can be seen in the demand we are seeing for our transactions and, of course, in the rate at which we can borrow. To go back more than five years, the amount we were borrowing was closer to that of a country such as Spain but, as Ireland's fiscal position improved, the past five years have very much seen us borrow at rates similar to France and Belgium, what are called in the market semi-core countries. This has been evident this year, when we have been borrowing ten-year money at approximately 30 basis points.

Deputy Jennifer Carroll MacNeill: When Mr. O'Connor says "fiscal position", he means the balance of money in and spending out, how much money we have and the deficit the Government is running on a year on year basis.

Mr. Frank O'Connor: Yes, investors are watching and we have been quite fortunate, and it has made our position easier, to have been in budget balance and then gone into a budget surplus. Of course, this year investors understand that just like other sovereigns the onset of the pandemic means we will go into fiscal deficit. Really it is a relative business and investors look at us compared to others. At the stability programme update in April, the scenario for Ireland was to face a deficit of approximately 7.4% of GDP. This would put us in the middle of the pack relative to our eurozone peers. As I alluded to in my opening remarks, Ireland is very much in the middle of the pack and we are not part of the story, whereas in the previous financial crisis, we were very much to the forefront.

Deputy Jennifer Carroll MacNeill: When Mr. O'Connor is going out and having these conversations, he has to tell Ireland's story on our behalf and has to explain what the money is for and the credibility of that. The additional money we have to borrow to fund the economy through this public health emergency is a credible use but if we were to try to borrow the same

amount for an unwarranted permanent increase in current spending, he would not get the same response.

Mr. Frank O'Connor: Investors are watching and what they have is evidence of Ireland's previous track record and its progress in getting back to budget balance. This stands us in very good stead. Investors understand the need to borrow and have deficits in the face of a crisis, and they realise it will take a period of time to get back to budget balance. However, our credibility stands up very well.

Something else that makes investors comfortable, when we think about it, is that we increased our funding range but we did not have to do so by as much as others. Let us not forget that this year we came into January with €17 billion in cash, so effectively the debt chimneys I spoke about were fully funded. The adjustment we had to make to fund the deficit and deal with the crisis was smaller than others had to make. On top of this, investors look at our debt maturity profile and we are probably one of the few sovereigns that has no bond redemptions next year. This gives great flexibility and confidence to investors that Ireland can deal with the crisis that is unfolding.

Deputy Jennifer Carroll MacNeill: I thought it was a very interesting point that the NTMA strategically decided to take a gap year. The fact that it chose to incorporate a gap year some years out is very interesting and shows a measure of enormous confidence and good management. When was that decision made?

Mr. Frank O'Connor: We were fortuitous. No one can predict the future and we are fortuitous to have this gap year land right at this moment. To give some background colour, thinking back to 2014 we were looking ahead to these chimney stacks. We had the IMF repayments that were going to mature in 2017, 2018 and 2019. We could have funded to the same date at a little bit cheaper but we funded longer. Given the elevated debt level, we took the decision to extend when interest rates came down. In 2016, we could have borrowed five-year money, as sometimes the market looks at a five-year benchmark, but we thought that after the Brexit referendum there might be more uncertainty for Ireland at the turn of the decade and that it would be unnecessary to have five-year maturity when investors wanted ten, 20 or 30-year bonds, as the Deputy has seen us issue. These were some of the influences. The last piece was that it was a bit of a back-up strategy. Five or six years ago, 2020 had approximately €27 billion of maturities and we were top slicing that. The concern was that if we faced into a challenging year we could have used 2021 to borrow short some of the money and term it out. There were a few factors coming together but I do not want to overly claim, and we are quite fortuitous that it occurs now on foot of the pandemic.

Deputy Jennifer Carroll MacNeill: I want to ask about relative positioning versus other countries from an investor perspective. Mr. O'Connor mentioned in his statement that just five years ago Ireland was rated sub-investment grade by Moody's. I recall back in 2009 and 2010 that the perspective taken by investors on Ireland was something akin to semi-developed South American democracies. Will Mr. O'Connor give us a relative context? He has put out there how we are now comparable to France and Belgium. Where were we five years ago?

Mr. Frank O'Connor: There is a chart that shows our ratings and perhaps it is a good summary of it. Ireland was a triple A country and debt to GDP was approximately 25% in the early part of the decade. Of course, with the financial crisis, the market called into question Ireland's ability to fund. Our ten-year bond yields went to 14%, and those were unsustainable rates, hence the programme of assistance as Ireland got its fiscal position back under control and then

the gradual reduction in the deficit and the return to budget balance. We were very much in that space and locked out of markets but, fortunately, with help from the troika programme, we were able to stabilise the situation. Yes, for a little while, when we went to meet the investors, we were perhaps put down to the end of the corridor, with high-yield debt, but very quickly Ireland re-established its credibility and we are very much back into the semi-core space. It took a while, probably until the middle part of the decade, as we got closer to France and Belgium, but that is exactly where we are. People do not bring up other peripheral countries in the context of Ireland.

Deputy Jennifer Carroll MacNeill: Clearly, we now have additional borrowing, perhaps not as much as we would have needed to borrow were it not for the cash position at the beginning of the year. I wish to ask Mr. Makhoulf about the planning for the rest of the year, perhaps not this year but into next year and the year after, in terms of recovering our fiscal position following this period of necessary spending. What is his view as to how and how quickly we need to rebalance that spending and recover that fiscal position and move to a more balanced position?

Mr. Gabriel Makhoulf: I will start by building on what Mr. O'Connor said. When investors look at Ireland, or any country, they think about what the fiscal position is right now, what we are doing right now, but also what we plan to do. The credibility of a forward-looking plan is quite an important factor in investors' judgment as to what they do immediately. The second and a very related thing is that the investors look not only at the State's fiscal position but also what is happening to the fundamentals of the economy and to growth and what our prospects are for growing the economy. Both those things are very important factors that play into the decisions of investors. As I wrote in my statement, and I also wrote to the Minister about this, there is a need for a credible plan to make sure the debt starts to adjust to a more sustainable position. It is sustainable right now and, as in every other country in the world, the current spending, and as a result the necessary borrowing, by Government is absolutely warranted and necessary. How long that can go on for depends very much on how long we think the virus will continue. That is a very big question underlying the need for us to base our projections on scenarios as opposed to forecasts. In both the baseline scenario and even the severe scenario we published on Friday, debt is sustainable. The big question is that we are taking on greater risk in the medium term in responding to shocks. That the financial system and also the State have been able to respond in the way they have done to this crisis is the result of a lot of actions over the past decade or so. We put ourselves in a position where we could respond quickly to the crisis. The challenge now is to start putting ourselves in a position where we can be ready for the next crisis, whether it is a sudden one, such as another pandemic, or whether it involves some of the challenges I talked about in my statement, those longer-term challenges which require economic resilience, such as the need to prepare for climate change and for international tax reform, which could impact our tax base. Those are just two examples. As to when we need to start doing that, I do not think we need to start reducing our borrowing as that would be the wrong response right now. As the Government plans its proposed package this month, and when it thinks about its budget later in the year, it needs to think about what is that medium to longer term trajectory for debt. The final judgments will depend very much on the path of the virus and what contingencies we need to put in place.

Deputy Cormac Devlin: Mr. Makhoulf and Mr. O'Connor are very welcome. I have three questions for Mr. Makhoulf. The Central Bank's quarter 3 bulletin shows the bank's anticipation of a 9% contraction in GDP for 2020 but a return to growth of 5.7% next year. My first question is on whether Mr. Makhoulf, as Governor, considered the impact of a potential second

wave on the stability of the financial system. Has stress-testing been done for the banks? Is Mr. Makhoulf satisfied that they have robust capital reserves?

Mr. Gabriel Makhoulf: We have been looking very hard at the banks' balance sheets and asking ourselves those sorts of questions. As I said in my statement, the financial systems entered this crisis in a much stronger position than the previous one and they have shown themselves to be resilient. The big unknowable, and I use that word advisedly, is what a second wave would look like and how deep it would be. We published a particular scenario on Friday. The system is resilient but that resilience is not unlimited.

Deputy Cormac Devlin: The issue of insurance policies has been to the fore over the past number of weeks, particularly business interruption insurance. We are hearing widespread reports of insurance companies failing to pay out for claims on business interruption insurance. What is Mr. Makhoulf's view on this and what is the insurance supervision directorate of the Central Bank doing to ensure insurance companies act fairly? Will the Central Bank review this policy?

Mr. Gabriel Makhoulf: This is a very important and live issue. It involves a number of different divisions in the Central Bank, not just insurance supervision. The bank and I have been very clear and we wrote to chief executives a while ago setting out our expectations of how the industry and financial service providers as a whole should respond, in particular insurance companies.

The policies on business interruption insurance come broadly in three types. In the first category, there are some policies where there is no entitlement to business interruption insurance. In the second category, there are policies where there is absolutely an entitlement to business interruption insurance. In those circumstances, we have made it very clear that we expect the companies to pay up. We do not expect them to drag things out. There is a third category of policies where it is unclear whether there is an entitlement to cover. There is a difference between entitlement to cover and the quantum that may be payable, if there is entitlement. There is a group of policies where it is unclear and legal action is being taken right now by some entities which are challenging the non-payment of what they claim are valid policies. We have been closely involved in terms of observing what is going on, looking at the contracts, making our own assessment, taking legal advice and talking to the insurance company that is involved in this case. We have made a number of interventions and those are continuing. The objective of our actions is to ensure clarity for affected businesses as quickly as possible. We are pursuing a multipronged approach, which we believe is the most effective way forward in terms of producing clarity. I cannot talk about the interventions we have made, which are extremely live, because we are in the public domain but I can assure the committee that we are focused on this issue. We want to see a rapid resolution and clarity for all businesses who are looking for greater certainty.

Deputy Cormac Devlin: I applaud the Governor's efforts. Hopefully, they will continue. I thank Mr. Makhoulf for that because, as he states, it is a real issue facing many businesses. It has come to the surface more as they start to reopen and go back into operation.

The Governor outlined two scenarios: a return to growth and that of a more pessimistic view. What is the Governor's view about the impact of both on the housing market here for the foreseeable future?

Mr. Gabriel Makhoulf: Mark Cassidy was responsible for preparing the quarterly bulletin.

I will invite him to say a few words about the different scenarios and to respond to the Deputy's question on housing.

Dr. Mark Cassidy: I thank the Governor. Certainly, we have already seen a significant impact on the housing market. The Deputy will understand that as the construction sector was temporarily put to sleep as part of the public health guidelines, housing supply came to a standstill. We have seen a gradual return but the slowdown already witnessed will have an impact on housing supply this year. We will also not see the industry return at full capacity. Because of public health protocols on physical distancing, the capacity of the housing sector will be affected for a period of time. The length of that time will depend upon the duration of the virus and whether we see a resurgence and hence our two scenarios are also relevant in terms of what we estimate the impact on the housing market will be.

I will give some numbers. Before the virus, in our first quarterly bulletin of the year we were estimating that approximately 26,000 new housing units would be produced this year, rising to almost 32,000 in 2022. In our baseline scenario, which assumes that the economy continues to open up broadly in line with the schedule announced by the Government, we estimate housing output this year of only 16,000 units, that is, 10,000 fewer units than we were previously expecting. By 2022, the corresponding figure will be 22,000, also 10,000 fewer units. That means 30,000 fewer units in aggregate compared to what we were expecting prior to the outbreak of the virus under our baseline scenario.

The outcome would be considerably worse in the event of a resurgence. Our severe scenario assumes that there is some resurgence or so-called "second wave" at some point over the next year. In that case, housing output would be significantly affected in addition to the capacity constraints. In that case, housing output could be lower by the order of a further 15,000. We think, in fact, housing output in 2022 would only be approximately 15,000. To remind the committee of the previous figures, we were previously expecting 32,000 units in 2022. Under our baseline scenario, that would only be 22,000 units and under our severe scenario, that would only be approximately 15,000 units. We are already in a situation where there is a material shortage of housing supply. That is the most important issue facing the housing sector. We estimate that we are well short of producing enough housing for medium-term requirements, so this will exacerbate the situation.

Deputy Cormac Devlin: That is fine. I will turn to Mr. O'Connor quickly. The recent bond issuance at a low or negative yield is welcome. I acknowledge the work of the NTMA, only made possible with the ECB keeping the interest rates low. Mr. O'Connor mentioned that he expected interest rates to remain low for the foreseeable future, with the risk of rates increasing in the future. What consideration is being given to very long-term bonds, such as 30, 50 or 100 years, to deal with this once-in-100 year event?

Mr. Frank O'Connor: Regarding rate expectations, looking at commentary from the ECB governing council concerning rates being likely to stay at current levels or lower until inflation approaches closer to 2%, the ECB target, and looking at the staff forecasts - and colleagues around the table might confirm this - 2023 is the current estimate for inflation to return to that level. That gives us the current project.

Turning to the longer term, we do give it serious consideration and it also has to match investor appetite and demand. We have been going longer. Just last year, we did our second 30-year bond. It had never been done before. While I would not overplay this, we have had some sales of 100-year notes. Those are reverse inquiries. We did about €400 million already

this year in reverse inquiries, and we have done some 59 and 60-year transactions as well.

It is part of the spectrum, therefore. We have investors interested in one-year issuance, to five-year issuance and all the way out. We do, however, have to give consideration to all parts of the spectrum and concerning one of the longest average lives, as I mentioned in my opening remarks, we already have tended to lean to the longer end. It must not be forgotten, however, that if we were to suddenly do all our bonds at one extreme, the price we achieve today would be different because it would be a surprise to the market when there starts to be oversupply of that part of the curve.

Deputy Cormac Devlin: I thank Mr. O'Connor.

Deputy Pearse Doherty: I welcome our guests. My colleagues will ask more questions later, but I will focus on two issues regarding the impact on consumers of Covid-19. I am sure that Mr. Makhlouf is aware of the response, issued on 22 June, of the deputy governor of the Central Bank to detailed questions from me. In that response, Ms Sharon Donnery, the deputy governor, stated that the EBA guidelines do allow for payment moratoria to be applied where interest does not accrue for the moratorium period without of itself triggering forbearance classification or changes to capital requirement for the duration of the payment break. I am sure Mr. Makhlouf agrees with that assessment. Does that mean that the regulator does not require banks to charge interest during the payment break period?

Mr. Gabriel Makhlouf: That is right. That is what was in Ms Donnery's letter.

Deputy Pearse Doherty: That is fine. To clarify, does that mean that interest does not need to be charged to prevent the loan being considered as going into default?

Mr. Gabriel Makhlouf: As long it is within the guidelines, that is correct.

Deputy Pearse Doherty: Does that mean that interest is not required to accrue to prevent default or a credit rating impact on the customer?

Mr. Gabriel Makhlouf: I am sorry, could the Deputy repeat the question?

Deputy Pearse Doherty: Is it the case that interest is not required to accrue to prevent default or a credit rating impact on the customer?

Mr. Gabriel Makhlouf: As long as the payment break and the terms of that payment break come within the moratoria and the criteria, then it is correct that it would not.

Deputy Pearse Doherty: Has the Central Bank ever required lenders to allow for the accrual of interest during that period? Has it advised or required lenders to have interest accruing during the payment break period?

Mr. Gabriel Makhlouf: No, we do not get involved in that sort of thing.

Deputy Pearse Doherty: Will Mr. Makhlouf comment on the meeting that took place between the Taoiseach, the Minister for Finance, Deputy Donohoe, and the Minister for Business, Innovation and Enterprise, Deputy Humphreys, and the heads of the five retail banks in this State, and also including Mr. Brian Hayes, who represents the industry through the Banking & Payments Federation Ireland. I will quote some of the official minutes received under freedom of information by *The Sunday Business Post*. The minutes referred to the CEO of Bank of Ireland, Ms Francesca McDonagh, responding to a question, and noting that there were unavoid-

able costs associated with extending the loan period. She continued by stating that interest must be charged as required by the regulator. Mr. Makhoulf has just told us that is not the case. Why does he believe the CEO of Bank of Ireland believed that was the case, and informed the then Taoiseach and the Minister for Finance of that? Maybe he could also give his view as to why Mr. Jeremy Masding, the CEO of Permanent TSB, said the approach being taken, which was required to prevent loans from being considered as going into default, was the right balance. Mr. Makhoulf just told us this was not required for loans to go into default. Maybe Mr. Makhoulf might comment on Mr. Colin Hunt's assertion to the then Taoiseach, the Minister for Finance and the then Minister for Business, Enterprise and Innovation, that the risk was clear that if interest was not charged there would be default and there would be a credit rating impact on the customer? Again, Mr. Makhoulf has just clarified to the committee that is also not true.

Mr. Gabriel Makhoulf: I am afraid I was not at that meeting and it would not be appropriate for me to comment. I have answered the Deputy's questions and if we assume good intentions on the part of everybody it is not entirely impossible that people were talking at cross purposes about different things. It would not be appropriate for me to comment on what was said by whom at a meeting I was not at.

Deputy Pearse Doherty: Regarding those minutes, can Mr. Makhoulf clarify that those statements are not accurate, that the regulator never required interest to be accrued, that it would not trigger a default, and that it would not trigger a credit mechanism? Is that the case?

Mr. Gabriel Makhoulf: What I have confirmed is that as long as the criteria required in the moratoria follow the EBA guidelines then it will not trigger a default and it will not trigger all the things the Deputy just said.

Deputy Pearse Doherty: Is the Governor familiar with the position taken by a number of other European jurisdictions? I think the Commission's report referred to about 12 European jurisdictions where the cost is borne by the banks as opposed to the consumers, including in Germany, Italy, Spain and Belgium. Very interestingly in Belgium KBC Bank voluntarily has not charged interest to low-income borrowers during the break, whereas KBC Bank has charged interest to customers in Ireland. Is Mr. Makhoulf familiar with the fact that across Europe banks in many jurisdictions have taken a decision either through legislation or voluntarily not to accrue interest?

Mr. Gabriel Makhoulf: Absolutely. There is a difference of approach across Europe. Some banks have entered into voluntary arrangements as we have here but they have decided not to charge interest under particular circumstances. Others have legislative requirements so they have not actually chosen but have been required to not charge interest so it is quite heterogeneous, quite different. They are all, however, within the EBA guidelines.

Deputy Pearse Doherty: When the chief executive of the Banking and Payments Federation of Ireland, Mr. Brian Hayes, noted at the meeting that the approach being taken here was the same as across Europe and was in line with the rules the banks were obligated to follow, that was not necessarily true because as Mr. Makhoulf said, there are various approaches across Europe and indeed many jurisdictions did not charge interest during the payment break. Is that correct?

Mr. Gabriel Makhoulf: We are all following the EBA guidelines. The Deputy wants me to comment on what happened at that meeting and what the minutes say, but that would be unfair to me-----

Deputy Pearse Doherty: I want Mr. Makhoulf to give me his view of the Central Bank's approach. Is it the case that the approach here is the same as across Europe, because he just said there are varying approaches across Europe, some as a result of legislation and some done voluntarily-----

Mr. Gabriel Makhoulf: Indeed.

Deputy Pearse Doherty: -----with many jurisdictions not charging interest?

Mr. Gabriel Makhoulf: No. What is common across Europe is that we are following the EBA guidelines.

Deputy Pearse Doherty: Those guidelines allowed for interest to be accrued or interest to not be accrued.

Mr. Gabriel Makhoulf: That is correct.

Deputy Pearse Doherty: I refer to business interruption. We have discussed this in detail in our meetings and I appreciated that opportunity. On 27 March 2020 Mr. Makhoulf wrote to the CEOs of the Irish-regulated insurance companies setting out his expectations and those of the Central Bank in light of Covid-19. He stated in that letter: "...where a claim can be made because a business has closed, as a result of a Government direction due to contagious or infectious disease, that the recent Government advice to close a business in the context of COVID-19 should be treated as a direction". I welcome that letter. Is Mr. Makhoulf aware of major insurance companies in this State refusing to accept the direction he issued to them in that letter and are challenging claimants on the basis that it was not a direction to close and are challenging that both in the courts and in refusing claims?

Mr. Gabriel Makhoulf: It is well known that more than one case has been taken to the courts on this.

Deputy Pearse Doherty: What is the Central Bank going to do? The insurance companies have just decided to ignore its advice. We are left in the situation where four publicans have taken a case and another thousand publicans are ready to take one. Some 15 restaurants are taking a case with another 160 or so in the wings. I know of hairdressers and community groups that are ready to take cases.

In Britain the FCA, the equivalent of the Central Bank, has said that is not the approach and to not allow the consumers to take on these giants of the insurance industry. It stepped in and looked for clarification with regard to the courts because it was the most speedy and most effective way. Why should it be down to the local hairdresser, community group or the little restaurant to take on the insurance industry when the Central Bank has a consumer protection role here?

I will say clearly that what we are facing into is a tracker scandal, mark 2, because it is exactly the same situation. Seven or eight years ago I challenged Mr. Makhoulf's predecessor because the Central Bank was not standing up. It allowed individuals to take the cases to the courts and the floodgates opened. Some €1 billion had to be paid out by the banks and 40,000 customers were impacted. The Governor is about to see the same thing here, because what is happening in the insurance industry is above scandalous. What it is doing to businesses that could go under as a result of it refusing to pay out on legitimate claims is ridiculous.

Mr. Gabriel Makhoulf: We are, as I said in response the earlier question, actively involved. We have made clear our expectations and I have made clear my expectations. The fact this is an extremely live issue means that, to a certain extent, I will not tell the Deputy exactly what we are doing, but rest assured, we are absolutely focused on getting this issue resolved as quickly as possible.

The fact the FCA is doing what it is doing is interesting. We have talked to it, but it is in a different jurisdiction. It is looking after what needs to happen in the British system. We are looking after what needs to happen in the Irish system. We have lawyers and all sorts of people involved in looking at what is essentially a legal issue, that is, does the contract the insurance company has entered into with a publican, for example, entitle the publican to cover? That then leads to another question if the answer is “Yes”, which is how much? What is the quantum of that cover? These are legal questions. We are absolutely determined that insurance companies should pay up where they have to pay up. They should not be obligated to pay up if nothing is required in the contract. It is inevitable that in some cases this will need to be taken to the courts. Whether or not we can intervene in the way the FCA has been doing is precisely the issue we have been taking advice on. At this stage, all I will say is that we want to see this resolved as quickly as Deputy Doherty does. Nobody should underestimate our determination to do that.

Deputy Pearse Doherty: I thank the Governor.

Chairman: Thank you, Governor and Deputy Doherty. I have a couple of brief follow-up questions. You issued a directive or a letter to insurance companies saying they should treat Government guidance to close as a direction to close. Did you ever communicate to the Government that it needed to direct bars to close in order for the bars to be able to recover from insurance companies?

Mr. Gabriel Makhoulf: I am not sure we ever did that, no.

Chairman: Are you sure that you did not?

Mr. Gabriel Makhoulf: I am not sure that we did not but I cannot see why we would have-----

Chairman: To avoid this mess.

Mr. Gabriel Makhoulf: Right now I cannot see why we would have felt the need to. The Government issued its direction and we gave our view that direction was sufficient.

Chairman: Is the Central Bank a notice party to any of the ongoing cases?

Mr. Gabriel Makhoulf: We are not party to any of those cases.

Chairman: Is it a notice party either? No.

I refer to insurance companies. One letter I saw required publicans to identify cases of Covid-19 within 20 miles of their establishment. At that time, as the HSE and NPHET were not saying where particular cases were occurring, it was impossible for pubs to do that. Since then, the Central Statistics Office, CSO, has published the breakdown of cases per district electoral division, DED. Is that something Mr. Makhoulf welcomed? Did he have any part in it?

Mr. Gabriel Makhoulf: To what in particular is the Chairman referring?

Chairman: The CSO published the breakdown of incidences per DED, which tend to be quite small. That breakdown would enable publicans, or any businesses, to pinpoint their proximity to an incidence of Covid-19.

Mr. Gabriel Makhoulf: It is always helpful to have more data and information, and not only to help Mr. Cassidy do his economic analysis. To be very clear about that 20 mile or 25 km condition, in our view the Government's direction essentially said that the whole of Ireland was-----

Chairman: On 7 April. That is correct.

Mr. Gabriel Makhoulf: Right. People may take issue with this, but in our view that effectively meant the 20-mile condition was irrelevant.

Chairman: In any event, it has been overcome by the CSO data which were subsequently published. I thank Mr. Makhoulf. I call Deputy Hourigan.

Deputy Neasa Hourigan: I thank Mr. Makhoulf for his opening statement. I appreciate that this session is focused mostly on monetary policy but I would like to go back to what we were just discussing and the point Deputy Doherty made. I have a few questions about the Central Bank's regulatory response to the current financial crisis. During this crisis, as we just heard, many banks have offered mortgage payment breaks to customers. There is a deal of frustration about the availability of these payment breaks and how interest is and was being calculated during the break period. Similarly, we have heard concerns from people who had mortgages refused or offers withdrawn as a result of their employer being on the temporary wage subsidy scheme. Prior to the crisis we had the tracker mortgage scandal, which is still dragging on for some. The Central Bank is currently tasked with regulating nearly 10,000 firms providing financial services, among other responsibilities. With such an array of financial regulations to enforce, consumer protection can sometimes seem quite far down the list of priorities. What is Mr. Makhoulf's view on the establishment, or re-establishment as it may be, of an independent financial consumer protection agency? Would a stand-alone agency better advocate for the interests of consumers, ensure redress and better enforce consequences for financial institutions that act in bad faith towards consumers?

Mr. Gabriel Makhoulf: I will cite two things in response to the Deputy's question. First, I do not agree that consumer protection is way down our list of priorities. Everything we do is ultimately about protecting consumers, and I have written about this on my blog recently. Our founding legislation referred to our focus being the promotion of "the welfare of the people as a whole" and I take that extremely seriously. Everything we do, whether monetary policy and monetary stability, financial stability, mortgage measures, rules for banks and the capital or buffers they need to sustain, or the moneylender rules that we recently amended, is ultimately about protecting the community's interests one way or another. It is about promoting the welfare of the people as a whole. I do not see the tensions that some people see in our role. I absolutely acknowledge that there are different systems operating in different countries. In Ireland, it makes quite a lot of sense to bring together the regulation of the financial system and the protection of consumers. We spend a lot of our time supervising the financial service providers. These are the same people who provide services to consumers. As I said, separate entities exist in other countries but creating one here would dilute the potential of our mandate, which is to be a single entity looking at the whole of what is going on with a financial service provider. That is my view but I acknowledge there are different regimes around the world. I emphasise, however, that I do not agree that consumer protection is not at the top of our mind. Everything we do is

about protecting consumers.

Deputy Neasa Hourigan: To pick up on the issue of green bonds, €5 billion has been raised by the Irish sovereign green bond to date. I note the framework regarding the placement of the funds raised in green projects and the external validation of the fund's green credentials. Why is that the amount being raised as a total of the fund? The last round was oversubscribed by investors and there is any number of projects, ranging from public transport and renewable energy to retrofitting, on which the funds could be spent. What determines how much of the country's borrowing comes through the Irish sovereign green bond?

Mr. Frank O'Connor: The Deputy is correct that the bond has raised €5 billion to date. We launched the inaugural green bond in October 2018, which raised €3 billion, and we then tapped it for a further €2 billion a year later, in October 2019. In fact, we had only intended to tap for €1 billion but we tapped the extra demand to which the Deputy referred for €2 billion. I would caution that there can sometimes be an element of overbidding in these matters. To look at the recent raising of the vanilla ten-year bond, there was demand for €60 billion. There is an element of overbidding because people know that we will scale back some of the orders. The genuine demand tends to be a little bit lower. The higher level of demand is not always genuine.

We are also conscious of allocations. As the Deputy will know, we have to allocate against eligible expenditure and look at the quantum of expenditure each calendar year. While there might be many projects in the future, we must ensure that investors are comfortable that we have projects against which to allocate. The likely pipeline of projects will allow us to launch more sovereign green bonds in the future. We are trying to strike a balance between investor demand, the pace of projects as they begin to be delivered, and looking ahead. We will do more in this area. I hope this gives the Deputy a little bit of the colour as to how these decisions are made.

Chairman: I take it that Deputy Nash is substituting for Deputy Duncan Smith.

Deputy Ged Nash: I am indeed. I only have five minutes allocated for my questions so they will entirely be directed at the officials from the Central Bank. The Central Bank is on record as saying that €6 billion is required to provide liquidity supports for business as part of the response to the pandemic in order to avoid economic meltdown and the mass loss of jobs. A host of very complicated schemes featuring very high interest rates have been proposed by Government. We know from the data that the drawdown of these schemes has been worryingly low. Is the Central Bank concerned about the low level of drawdowns and its impact on business viability? What is the Central Bank's advice as to how to get liquidity to businesses more quickly to save as many jobs as we possibly can?

Mr. Gabriel Makhoul: I thank the Deputy. He referred to a figure of €6 billion. We published a paper a few weeks ago which said that the amount required to deal with liquidity challenges would potentially range between €2.4 billion and €5.7 billion. It will be a big number. I am concerned about ensuring we protect the liquidity position of businesses. One of the very big challenges we all face, and which underpins what we were saying earlier about the two scenarios we published last week, is the current degree of uncertainty. With everybody, but in particular with SMEs, making decisions as to what their prospects are and what they need to do to adjust to the Covid-19 environment, requires time, so in my view policies should be focused on giving them time to make some of those decisions. In practice, some SMEs are not going to survive this crisis, but what policy needs to do is to make sure that viable businesses do not become insolvent. So we need to look at how we can provide the facility, whether it is by the

State, or by the financial system - by credit institutions - to create time and to enable those judgments and decisions to be made. In my view, we need a suite of offers such as credit guarantees and equity injections. Debt financing has a role to play. One of the interesting issues is that potentially what one could argue was a scarring effect of the last crisis, what economists would call a structural longer term effect, is that many SMEs have no bank debt at all. From the last data I saw, more than half, just over 50%, have no bank debt at all. One could argue that is a good thing, but one could also argue that in the case of a viable business, by deciding not to borrow at all and by restricting one's ability to obtain capital one is limiting one's potential to grow and become more successful. I think that is one of the issues that needs to be thought about as we emerge from this crisis. My main response to the Deputy's question is we need to find a policy that avoids creating structural problems for the economy that is focused on the productive capacity of the economy and looks to support SMEs with the time to make decisions.

Deputy Ged Nash: I am sorry to interrupt Mr. Makhoulf but we are running out of time in terms of the space allocated. How does he think the July stimulus that is being considered at the moment should be targeted? In terms of the quantum of money that the Government should focus on such an intensive response over the next couple of weeks in the July stimulus, how much does he think should be targeted, onto which sectors and how?

Mr. Gabriel Makhoulf: I will not comment on the quantum because we have given a sense of the range in terms of the liquidity challenge. The Government will have to think about the trade-offs it will be making between the various areas that it will be thinking about. It will obviously have to be sizeable to create the sort of space for the decisions that I have talked about.

I do not think targeting is easy, but I do think targeting matters in that it enables one potentially to allocate more resources to particular sectors, but as I just said, the target needs to be to try and find those viable businesses and avoid them becoming insolvent. For me, that is the main immediate issue. I do not know whether Dr. Cassidy wishes to add anything to that.

Dr. Mark Cassidy: No, I do not think so. In the near term there is still a requirement for supports for health services, incomes, viable businesses and over time there may also be a move to look at issues to support the productive capacity to reduce risks of long-term unemployment. We are moving from one phase to another.

Mr. Gabriel Makhoulf: To pick up on something that Dr. Cassidy said, it is worth reminding the committee that the most important economic policy that can be made right now is to invest in health and ensure that we are ready for any resurgence in the virus because the health of the community, as a whole, is an essential foundation to ensure the economic recovery comes, and comes quickly.

Deputy Róisín Shortall: I have two questions for each agency and will start with the NTMA. I will set out my questions at the beginning and I hope both delegations will reply.

My initial questions are for Mr. O'Connor. There is a growing and strong school of thought that believes Ireland should engage in sustained deficit spending. The circumstances are very favourable to that kind of approach at the moment given the underlying strength of the economy, the availability of cheap long-term money, the trend towards deflation and the obvious need for a significant stimulus package for the economy. Does he subscribe to that school of thought? What does he believe to be a sustainable level of borrowing over the next three years? What does he regard to be an ambitious yet prudent target timeframe to meet the objective of balancing the budget?

My next questions are for Governor Makhlouf. We have been conscious for some time of high residential mortgage interest rates and their negative impact on households and the economy. In the present circumstances, does he intend to take action or does he believe it would be advisable to take action to ease the financial burden by reducing residential mortgage interest rates, which are very much out of line with the overall low interest rates that are currently available? Does he intend to take action to reduce the mortgage interest rates as a means of stimulus, not only to ease the burden on mortgagees but to free up money for spending in the economy, which is badly needed at the moment, and to stimulate demand for housing?

My next question is on bank closures. A significant number of bank closures took place March, all of which were in breach of the consumer protection code. Bank of Ireland was clearly the worst offender, as it closed 101 branches without giving the required notice under the code and, in fact, on the basis of a 24-hour notice to the Central Bank. What action has the Central Bank taken in response to the breach of the code engaged in by the banks? What action has he taken or does he intend to take to minimise the risk of further breaches of that code?

Mr. Frank O'Connor: To answer the Deputy's question on the deficit, the first important thing, to reiterate what I said in my opening remarks, is that we enter from a position of strength so that gives policymakers a choice and a flexibility to deal with the crisis. Ultimately, from a debt manager's perspective, like we have seen in the past when growth was strong and we get back to budget balance, that creates that ability if one were to face a shock.

Deputy Róisín Shortall: Sorry, Mr. O'Connor, time is very tight and I will ask two specific questions.

Mr. Frank O'Connor: Yes.

Deputy Róisín Shortall: What is a sustainable level of borrowing over the next three years? What should the target timeframe be for a balanced budget?

Mr. Frank O'Connor: It will not surprise the Deputy that I would say we would not speculate on any number. As head of funding and debt management, the market would pick up on any particular number as a new funding range or a new target. There are many moving parts in debt dynamics, including the very important interest cost. From our perspective, we take the Government numbers, be it at budget time or at the stability programme update in April, and guide the market accordingly.

In terms of the future, I note that the investors note that the Government has to face, just like other governments, a larger deficit this year and given the quantum of the deficit, it is unlikely to recover in the next year or so. They expect to watch the trajectory and the Government indicating that it will have a medium-term plan to get broadly back to budget balance. This is what investors will watch. As soon as we have those numbers, we will guide the market.

Mr. Gabriel Makhlouf: I will respond to the Deputy's questions on bank closures. I cannot really speak very specifically about what happened in March but many institutions, and not just banks, had to make many sudden decisions as a result of the pandemic and the need to respond to it. Banks, like the rest of the community, absolutely understand their obligations to their staff and their customers. They understand their obligations under the code, we hold them to account to follow the consumer code and we are in constant dialogue with them. That is all I am going to say about what happened in March.

Deputy Róisín Shortall: What does it actually mean that the Central Bank held them to

account? They all breached the code. How will the Central Bank prevent this happening again in future?

Mr. Gabriel Makhlouf: I do not know the specific decision-making process but I suggest that if there is another pandemic decisions will be made very quickly. This is what I expect. If this is the cause then I suppose it is a balance of judgment that management needs to make between looking after their staff and looking after the interests of their customers. Sometimes this can be a very difficult decision but sometimes it can be very straightforward. Occasionally, their legal obligations to their staff are absolutely paramount. I do not know exactly what happened in March in the cases the Deputy described but institutions, and not just banks, had to make very sudden decisions because of the pandemic. It was, and is still, an unprecedented shock. I am not surprised that actions were taken in the way the Deputy has described.

Deputy Róisín Shortall: I also asked about mortgage interest rates.

Mr. Gabriel Makhlouf: The rate of interest charged on a mortgage is a commercial decision by the lender. The Central Bank does not play a role in setting interest rates. In recent months, we have worked with our colleagues on the governing council of the ECB to ensure the financing conditions for the euro area remained accommodative and liquidity continued to flow. We have done the things we heard Mr O'Connor outline earlier. This is the way to keep interest rates as low as possible.

Chairman: I thank Mr. Makhlouf.

Mr. Gabriel Makhlouf: In Ireland they are higher than elsewhere-----

Chairman: I am going to have to move on to the next speaker.

Mr. Gabriel Makhlouf: -----for a bunch of historical reasons.

Chairman: I have allowed every speaker until now to go over time. I do not want to discriminate against Deputies Michael Collins, Boyd Barrett and Shanahan but I ask them to stay within their time. All of the subsequent speakers will have to remain within their time to ensure everybody gets in.

Deputy Richard Boyd Barrett: I did not quite hear Mr. Makhlouf's answer earlier when reference was made to people who had obtained mortgage approval but are not being allowed to draw down their mortgages because they are in receipt of the wage subsidy scheme or the pandemic universal payment. Mr. Makhlouf has said he takes seriously his role as guardian of the consumer. This issue also touches upon his role of ensuring the wider macroeconomic picture and financial well-being of the State. It is not a good idea that banks have this indiscriminate policy of stating that if people are in receipt of the wage subsidy or the pandemic universal payment they will not be able to draw down their mortgage. At the very least the banks should look at the individual's case rather than having this broad brushstroke policy of discriminating against people who have lost their jobs or income temporarily as a result of the pandemic. Could Mr. Makhlouf comment on that?

Mr. Gabriel Makhlouf: I agree with the Deputy. Banks should not have an indiscriminate policy. They should look at individuals on a case-by-case basis. They are required under European law to assess the creditworthiness of their potential borrowers. The issue of whether they are receiving income support is just one of the factors. I completely agree with the Deputy that it should not be decisive or determinative. Banks should look at the individual potential bor-

rower, the applicant, in making a considered judgment.

Deputy Richard Boyd Barrett: What can Mr. Makhlouf do, or what can be done, to address the fact that banks are not doing that?

Mr. Gabriel Makhlouf: I think I saw that last week the one institution that made the news for having adopted an indiscriminate policy, to use the Deputy's word, has abandoned it. We need to encourage the banks to do the job they need to do. Borrowers make probably the most significant financial transaction of their lives when they take out a mortgage. It is a 20 plus year commitment. The lender and the borrower need to take it extremely seriously and need to ask themselves the question: will this loan be repaid? As I said, banks are required to assess the creditworthiness of the potential borrower. Nobody in the community wants to encourage banks to lend recklessly or encourage borrowers to borrow recklessly. It is part of our job to try to make sure that balance is struck, and that is partly what underpins some of the rules we have in place, which I suggest have been quite an important factor in helping the resilience of the financial system as it has gone into this crisis.

Deputy Richard Boyd Barrett: On another subject, there is an amazing contrast between the attitude of regulators, financial authorities and so on, and, indeed, Governments, towards the economic crisis this time around and their attitude towards the previous one. We are now talking about things that we were told after the crash in 2008 absolutely should not and could not be done, namely, borrowing to keep people in work and to stimulate the economy. Does Mr. Makhlouf accept there is an inherent critique of the failure of austerity in the policies now being pursued, and indeed in the fiscal and monetary policy being pursued throughout Europe? To some extent, I welcome that, but is there potentially something reckless about it as well? We refer to our debt position. If we look at debt to GNI* rather than debt to GDP, we are in a very precarious debt position. The Minister for Finance talked earlier about the potential for bond market vigilantes to start to take advantage of this situation. If that is so, we could be in very dangerous waters, which the Central Bank and the NTMA seem remarkably calm about, considering the attitudes that were taken ten years ago towards all this.

Mr. Gabriel Makhlouf: I would love to spend probably the next hour and a bit chatting to the Deputy about the history of the past ten years and what we have learned from it and to give him my view of-----

Chairman: Could Mr. Makhlouf perhaps give it in writing?

Mr. Gabriel Makhlouf: What I will say is this: we certainly learned from the previous crisis. I am talking about the generality of policymakers. Some of them already knew about it during the previous crisis but they were in the minority. We have learned. One of the big differences between the last crisis and this crisis which is worth bearing in mind is that the last crisis was a financial crisis and part of what needed to be done was to get the financial system-----

Chairman: I thank Mr. Makhlouf. I ask him to give the reply in writing because I have to allow other speakers in.

Mr. Gabriel Makhlouf: I will just say one thing because it is important. It is in my statement but I wish to emphasise it. We are not saying that debt sustainability and all these things do not matter. They absolutely matter. We are saying that right now the focus needs to be on making sure the productive capacity of the economy is protected and that we start creating a path that will enable us-----

Chairman: I thank Mr. Makhoulf. I have to cut him off here. I ask him to put any further reply in writing to Deputy Boyd-Barrett. I have to get in other speakers and we have to be out within a certain period of time. I call Deputy Shanahan. He has five minutes.

Deputy Matt Shanahan: I thank our guests this morning. I wish to address Mr. Makhoulf first. He has touched on liquidity supports and we know how important it is in the banking sector but it is especially important in the business sector at present. Does he have a comment on one of the early liquidity instruments which basically asked our commercial banks to take on 20% of debt where the State backed 80%? There was a low level of take-up and a high level of refusal from the banks. I think over 50% of those loans were refused despite only a 20% coupon being at risk for the banks. Other countries have implemented the idea of dropping money into SME accounts through, for example, the Revenue Commissioners for liquidity supports. Why are we using the pillar banks? Does Mr. Makhoulf have any thoughts on that?

Mr. Gabriel Makhoulf: The two questions are related. I do not, as a matter of generality, think that 100% Government guarantees are a good thing. It is more important - again as a matter of generality although it could be different in particular circumstances - that the banks have skin in the game because credit institutions such as banks and credit unions have a better understanding and knowledge of their customer. Their business is to assess commercial risk and to understand the viability of a business proposition. If they feel there is no risk in their lending because the Government is covering it by 100%, they are probably less likely to apply the rigour that one would like them to apply. I think one should use the banks as part of a suite of measures to provide liquidity, partly because it gives flexibility and partly because they have that skill set. The Revenue Commissioners have the tools to collect money from a taxpayer or to give money back to a taxpayer. Their skill set is not in assessing the commercial viability of a loan so, in my view, it all depends on what exactly one is trying to achieve. If one is trying to deliver some cash directly to a business, the Revenue Commissioners may be a very good way of doing it. If one is trying to get value for money out of a commitment by the State, then a credit institution has a role to play and one has to think about the incentives one builds around it to make sure it plays that role.

Deputy Matt Shanahan: I thank Mr. Makhoulf. I suppose one of the issues about value for money to the State will be the impact to employment, which is not a financial measure as much as an economic and social measure.

I have a question for Mr. O'Connor on the activities of the NTMA. He spoke earlier about how the arbitrage of risk is based on future bond yields, etc. I think everybody would agree that we will see significant reductions in the ongoing capacity within the economy. There are risks to corporation tax, particularly when we are borrowing heavily from the ECB, which has a desire to realign our corporation tax, and there is also the risk of Brexit.

I will ask Mr. O'Connor about our demographics. I refer to the pension reserve fund. I note the row that is going on about the extension of the pension age. Ultimately, where is the pension reserve fund? Is the signal that there will be a benign interest rate environment over the next two, three or four years giving the Government a little too much comfort in terms of increased borrowing and not looking at increased fiscal measures?

Mr. Frank O'Connor: In essence, as the Deputy stated, there are a number of risks. I suppose the message is that we came into the crisis from a position of strength that gave flexibility to policymakers to deal with the crisis. Over the medium to long term, given our elevated level of overall debt, we are conscious of and would talk about the potential risk to higher rates.

From our perspective, investors are always talking about the risks, such as the near-term risk of Brexit and the medium-term outlook for changes in international corporate tax to which the Deputy has alluded. Other concerns might be out there. From a debt perspective, we are in what we often refer to as the permanent contingency business, which involves looking at what we can do to allow policymakers choice and flexibility, and then trying to get a phased approach to budget balance and dealing with issues as they arise. That brings us back to the long-term, smoother profile we have. If interest rates were to rise beyond that horizon, one should not forget that not all of the debt will roll in one year. It will take a period of time of extended higher rates to start to see our debt service costs increase because the majority of our debt is locked. It is fixed-rated debt and it has been extended. I think I alluded earlier to the fact that we have one of the longest average lives.

Chairman: I thank Mr. O'Connor. If he wishes to reply further, I ask that he do so in writing because I have to bring in other speakers.

Deputy Michael Collins: I thank our guests. Many younger people in this country are struggling. I refer, in particular, to couples who had deposits down on their first homes but, because they are on the temporary wage scheme, are being told their mortgage applications will have to be reapplied for. These are people who have worked through the pandemic. Their employers received help from the Government but, because they are on the temporary wage scheme according to their payslips, their mortgage applications are no longer deemed fit. Can Mr. Makhoul see any way forward for these people without this pressure being put on them by the banks at this time?

Mr. Gabriel Makhoul: I cannot add much to what I said earlier. It is important that probably the most significant financial transaction an individual makes is done with care, that the lender makes sure it understands and makes an assessment of the creditworthiness of the borrower and that the borrower understands the commitments he or she is entering into. Those important factors need to continue and will continue. Ultimately, the recovery, survival and success of SMEs and the growth in job prospects are the main ways to help those individuals who are looking at, and obviously addressing, the housing supply challenge which we talked about earlier. That is the best way to support individuals to purchase a house.

Deputy Michael Collins: Many businesses, especially restaurants, cafés, hotels, pubs and taxis, all over the country are in ruin through no fault of their own. They did what was asked of them by the Government. They closed their doors to protect us. Now they are left with a bleak summer period. While we are all being told to holiday in Ireland to try to make up for the lack of tourists, this will in no way cover their losses from the pandemic. In the little time available, will the witness tell me what breaks they are being given on loans they already had, aside from the three to six months moratorium? What help are banks capable of giving in future?

Mr. Gabriel Makhoul: The banks have introduced the payment breaks, as the Deputy stated. More than 250,000 payment breaks have been approved so far. Many of those were for mortgages but some were also for SME lending. The other type of supports in place include those the Government has put in place and they are sizeable. As we mentioned earlier, there is about €9 billion in total, plus €7 billion worth of guarantees etc..

It is really a question for the Government now to decide what other supports it wants to make available. The financial system, the banks and credit unions will be working hard looking at the sustainability of their borrowers and the issues they face. It is in everyone's interest that we continue to work together on responding to this pandemic.

Deputy Michael Collins: Some people were in trouble with mortgages before the pandemic. Is there any understanding being put in place in banks to help these people, who may have just been getting back on their feet but who, because of Covid-19 have now fallen behind again? I refer to people who have applied for the moratorium. I am being told that it is not a case of pausing their payments but more of a reconfiguration. Either those people's payments will be adjusted to add on the moratorium or else there will be an addition to the duration of the mortgage. Is that the case and is it necessary to apply it to the repayments when times are so tough? I would like the Governor's views on those issues.

Mr. Gabriel Makhlouf: If the Deputy is talking about the interest charging, I spoke about that earlier and have nothing to add to what I said. Where borrowers, however, have got significant arrears that are not going to be resolved by payment breaks or where their circumstances are such that the nature of the payment break is a temporary thing and is not going to help them, then there is nothing to stop the lender from working with borrowers to look to restructure the debt, fundamentally, and to enter into alternative arrangements. In many ways, the most important thing for borrowers, and ultimately for lenders, is that if people think that situation is likely to arise, that they start talking to their lender early and as soon as possible.

More generally, the issue of some of the mortgage arrears that have been around since the previous crisis is a serious one and is one the Central Bank is concerned about. We are about to bring together interested parties to a round table in the next week or so to talk about these issues and look to how we can address them because the likelihood at the end of this crisis, if we do not manage it well, is that we will create another crisis. We need to be on the front foot to try to deal with those sorts of challenges. It is a real issue, the Central Bank is concerned about it and we are looking to work with others to see what the best way is to resolve it.

Chairman: I thank Mr. Makhlouf and Deputy Michael Collins. I call Deputy Mairéad Farrell next.

Deputy Mairéad Farrell: Given the time constraints, I am going to put all my questions at the same time and then give the witnesses some time to come back with their answers. These questions are for Mr. O'Connor. In his opening statement, he stated that the cost of servicing debt is much more favourable than in the recent past. He also, however, stated: "Notwithstanding the support that low interest rates provide, we have to remain alert to the risks in the medium to long term posed by possible rising interest rates." The past decade has demonstrated that interest rates, rather than being a function of debt and deficits, have been largely driven by the ECB and moreover we entered the present crisis with stubbornly low inflation rates. Crises of this kind accelerate pre-existing trends. Considering this, how likely is it that interest rates will rise in the medium term or is Mr. O'Connor warning that international markets could take a turn with the appetite for Irish Government bonds lessening and, as a result, interest rates increasing? Government bonds are considered safe assets to diversify investment portfolios but we have little information on those who buy our bonds. Can Mr. O'Connor give clarity on who holds these and can he give us a breakdown between ECB holdings versus private holdings? In his view are interest repayments now a better marker of debt sustainability than the total stock of debt?

I took a look at the NTMA's June investor presentation and noted slide 23 stated that most foreign-owned multinationals are shielded but that aircraft leasing is exposed and that there will be an estimated €250 billion hit to global passenger revenues due to Covid-19. In 2018 the CSO estimated that the size of total gross assets in the Irish aircraft leasing sector was around €140 billion. Over 50% of global aircraft are leased from Ireland, which in practical terms

means that every two seconds an aircraft registered here is estimated to take off somewhere in the world. Despite the size of these assets, the contribution to direct employment is approximately 1,500 people. Given the onset of Covid-19 and the subsequent stay-at-home measures and restrictions on international travel, many of these assets are likely to become impaired. In Mr. O'Connor's view, what exposure does the Irish economy have if one or more of these large lessors were to fail?

I note also that in that presentation in slide 29 the NTMA said that once the Covid-19 stimulus ends, Ireland needs to narrow its deficit again. To me that implies a return to austerity. In Mr. O'Connor's view would a rush to austerity risk undermining the stimulus and jeopardising the recovery?

I have one last question. The programme for Government states that we will use any windfall gains such as the NAMA surplus, the final resolution of the liquidation of the IBRC or the scale of the State shareholdings in the banks to reduce our borrowing requirements. Would it not be better if this money were allocated for investment purposes or even to the temporary national recovery fund? Surely paying down debt at a time of crisis when the fiscal rules have also been suspended is a poor use of badly-needed public funds?

Mr. Frank O'Connor: There are quite a few questions there, I will try to deal with them in sequence.

On the outlook for rates, I commented earlier that based on ECB guidance official rates are not set to rise for a couple of years yet, until the ECB sees the inflation target rise towards 2%. We do caution about future interest rates. It is not a prediction, all it is saying is that given the stock of debt initially, post the legacy of the financial crisis and then with Covid-19, even though we are well placed to borrow, the stock of debt means that if there was to be a rise in interest rates we would see the debt-servicing costs rise. That is the point. I mentioned that not all of our debt will roll in one year because we have elongated it, so it would take quite a period of time. That is the cautionary tale and the Deputy is right, the costs of servicing the debt and interest rates are a huge factor as is the ECB bond-buying programme. Many years ago with debt at this level people would have expected the interest bill to be higher. In fact if one looks at the graph we included, back in 2014 it was expected that Ireland's debt-service costs would reach almost €10 billion and this year they are dropping below €4 billion.

Regarding some of the Deputy's other questions, on the matter of who holds our bonds if one looks at our last five syndications - these are the big transactions of €4 billion to €6 billion in size - one will see that approximately 80% or more is overseas with the remaining 10% to 15% being domestic buyers. It does depend on what bond is being issued at a particular point in time but it is very much that overseas piece. The Deputy is right that the ECB is a large buyer in the secondary market and have been since 2015 with the onset of quantitative easing. The ECB right now holds about 20% of Irish Government bonds and I can take her through any of those numbers in further detail if time allows.

On the question of windfall gains and paying down debt, we face a deficit this year. The projection is a general Government balance of €23 billion and a lower Exchequer borrowing requirement, so we are not paying down debt, we are adding to the debt and effectively this is fungible, to use the jargon, so the NAMA surplus of €2 billion that was paid over in June effectively lowered the amount we had to borrow in the market. In essence, debt is not being paid down at the present time.

Deputy Mairéad Farrell: What about aircraft leasing?

Mr. Frank O'Connor: I might pass over to my colleague. Of course, for us they are big balance sheet numbers but what is important - and the Deputy alluded to the 1,500 people employed in the sector - is what impact it would have on the economy, not on the gross balance sheet size. We can come back to the committee a little bit more on that, but seeing as Dr. Cassidy from the Central Bank is here, he might want to comment himself.

Dr. Mark Cassidy: It is an important sector, but the figures it adds to some of our headline national accounts overstates its importance to the real economy. There will be some hit to this sector, but the impact on the real economy will be much less than perhaps some of the headline figures might suggest.

Chairman: I thank Deputy Farrell. I call Deputy Burke.

Deputy Colm Burke: I thank the Chairman and the witnesses for their presentations.

I refer again to the housing issue. There has been much talk about it this morning, but this issue has not been resolved. It is now causing cash flow problems because mortgages cannot be drawn down.

I have a number of examples of applications where one party is being fully paid. Neither the employer or employee is in receipt of a Covid-19 payment, but one of the parties to the borrowing is employed by a company in receipt of Covid-19 support through the Government scheme. Banks are refusing to allow a drawdown to occur even where, in all the cases I have, people are receiving their full salary in the same way they were prior to the introduction of the Covid-19 scheme. I am not satisfied that the banks are behaving properly, and this has caused problems for both builders and builders' suppliers. This is then causing further problems down the line.

What can the Central Bank do on this issue? There is clear evidence in all the cases I have that there has been no reduction in pay to the borrowers yet the banks are refusing to allow a drawdown. In one case, for instance, the mortgage repayment was to be €690 per month and the current rent the applicants are paying is €900 per month. That sale collapsed. The bank would not allow a drawdown because one of the parties borrowing was employed by a company in receipt of Covid-19 support. Can we have clarification on that situation where there is no reduction in the income of the borrowers?

Mr. Gabriel Makhoul: I am not sure I will be able to help the Deputy any more than through my earlier answer, which is that we expect lenders to make an assessment of the creditworthiness of the borrower. In the specific example he gave, I do not, and would not be expected to, understand what exactly the bank was looking at. However, it needs to make an assessment of the creditworthiness of the borrower, and clearly, in the example given by the Deputy, an assessment was made.

It is in the interest of everybody, and not just the banks and the individual borrower he mentioned, but the community as a whole, that we make sure lending and borrowing are done in a safe way. They should be done with a view to the long-term nature of what is happening here which is, as I said earlier, that these are long-term financial transactions. It is not short-term borrowing. The question that needs to be asked, both by borrowers and lenders, is: can I sustain this borrowing?

Senator Colm Burke: Does Mr. Makhoul not accept that the Central Bank has a role in

this regard? All the evidence shows that there is no reduction in salary. There is also clear evidence from the employers that they are stable companies and that there will not be any redundancies or cutbacks in the pay of the employees, but the banks are still not allowing the drawdown. As I said, I have seen sales collapse as a result.

Mr. Gabriel Makhlouf: The banks need to make sure they explain clearly why they have made such decisions. They need to make sure they follow the consumer codes and, especially in this time of crisis during this pandemic, they need to be consumer focused. We have made that clear to them. They need to be thinking about how they are going to support-----

Deputy Colm Burke: I will touch on one other issue, which is house and apartment completions for 2020 and 2021. Dr. Cassidy cited a figure of 16,000 for this year and 22,000 for 2021. I know there is a gap because there was no building work for four months but surely we can increase that figure well beyond 22,000 in 2021, assuming there is no increase or surge in the outbreak of coronavirus?

Dr. Mark Cassidy: Those figures are an estimate based on previous rates of increase. We think there will be a short-term impact based on adhering to health protocols. Undoubtedly, because of the time taken to build a house, the output this year and next year will be less and the rate after that is dependent on the capacity of the sector to increase its output.

Deputy Colm Burke: Will it have anything to do with the availability of finance?

Dr. Mark Cassidy: No.

Chairman: I thank-----

Dr. Mark Cassidy: That is not what is factored in. We are not factoring in any deteriorating financing.

Chairman: I ask Dr. Cassidy to provide his answer in writing because I have to fit two other speakers into the next ten minutes. I call Deputy O'Reilly, followed by Deputy O'Dowd. I am sorry; I got the order wrong earlier. It was my mistake.

Deputy Louise O'Reilly: That is all right. I thank the witnesses. Mr. Makhlouf said that 100% guarantees are not a good thing in general. However, I put it to him that we are not in general times. We are, indeed, in unprecedented times so what may not be good in general might be very good in these unprecedented times. I am conscious of another Deputy waiting to get in so I will put my questions and if the witnesses do not have time to respond perhaps we can get their responses in writing. The Central Bank has estimated that SMEs will require between €2.4 billion and €5.7 billion in external supports to cover their non-payroll expenses. Despite this, only €244 million has been disbursed as yet. In comparison, £303.85 million has been disbursed by the Minister in the North. That is obviously a much smaller economy but a significantly higher amount of money. I ask Mr. Makhlouf to comment on the adequacy of the schemes in comparison with the liquidity that is actually needed and estimated by the Central Bank. What potential impact could this have on the broader economy, and specifically on employment? As we hopefully - fingers crossed - exit the height of the pandemic, the unemployment rates are going to have a serious bearing on our capacity to recover. It is not just about the number of jobs but the quality of those jobs, because we certainly will not recover the economy off the back of precarious and low-paid work. In its quarterly economic bulletin, the Central Bank states: "PUP numbers generally exceed TWSS numbers, initially reflecting slow TWSS take-up by firms." What does Mr. Makhlouf think has caused this slow uptake of the wage

subsidy scheme? Can he explain it? Perhaps he can offer a view on what potential impact that is going to have, specifically on employment levels.

Mr. Gabriel Makhoul: I will invite Mr. Cassidy to come in on this point but the general response to the Deputy's question relates to the uncertainty to which I referred earlier, the need for people to make decisions in very uncertain times, and the difficulty in doing so. These factors cloud a lot of what is going on right now. Policy must focus on supporting decision-making in uncertain times in ways that do not damage the productive capacity of the economy.

Deputy Louise O'Reilly: In these uncertain times, would a 100% guarantee, even on a temporary basis, not remove some of the uncertainty?

Mr. Gabriel Makhoul: It would remove some of the uncertainty but I do not know whether it would ultimately provide value for the community as a whole. I believe that targeting supports at businesses that are viable but at risk of becoming insolvent is one of the most important things for us to try to do. As I explained earlier, the 100% guarantee has some drawbacks because it would create the wrong incentives for the institutions who know best how to provide commercial lending when assessing borrowers. A targeted 100% guarantee or grant will, however, have its place. Ultimately, what the economy needs is a flexible menu of policy options that enable it to see this crisis through. Would Mr. Cassidy like to add anything?

Chairman: I am sorry but I will ask Mr. Cassidy to provide his response in writing because I have one more speaker to fit in. I thank the witnesses for their understanding.

Deputy Fergus O'Dowd: I welcome the comments of the Governor with regard to placing consumers at the heart of the Central Bank's policy and giving them top priority. The public does not feel this has been the case in the past. It is hugely important. We will judge the Governor on his actions rather than his words but I am impressed with the commitments he has given so far.

The problem is that Covid overshadows everything we think about and everything we do. We are lucky with regard to our economic position in that we have capacity to borrow whereas, in 2008, we had to borrow at an interest rate of 14%. This is why we needed to make the cuts we did. We must now focus on the younger generation. They are the people who will lose most in the coming years. They will not be able to get the houses they want. They will not be built and will not be available for rent. There will be great pressure in young people's homes. In places in the west, and around the country, that depend on tourism, there will not be as many jobs as there have been in the catering and hotel industries. The retraining and upskilling of our young people will be a massive issue. If we do not focus on these issues in the package to be launched in July, we will create even greater dissatisfaction than currently exists with regard to housing needs.

We are heading into an extremely difficult situation. If we reach the point the NTMA officials mentioned - and I appreciate they were not talking about the short term - and we have to refinance debt taken on today at interest rates of nearly 0%, it could be extremely costly in the future. Will the Governor give his views on all of these issues? He said that we all have to work together and to act in good faith. That is what all of us, particularly those of us in this House, must now do but we need leadership and support. His concerns about the ordinary five eighths, the people who are unemployed and who will face significant difficulties in their family life, represent the crux of the issue.

Mr. Gabriel Makhoul: Yes, it does. In my opening statement I talked about three particular issues at the end of it. I wrote those in a letter I sent to the Minister for Finance on Friday. I will repeat them now because I think they touch on exactly what the Deputy said. First, the focus of policy right now should be on protecting the productive capacity of the economy and making sure that we do not allow scarring effects of this crisis to happen such as long-term unemployment and viable firms becoming insolvent. The responses of that will vary from sector to sector and from firm to firm, but some of the components will include making sure liquidity is available and thinking very hard about training and skills. It should not necessarily be limited; it will be broad.

The second issue I mentioned in my statement and in my letter to the Minister relates to the Deputy's point about debt. Right now, we are at a time when borrowing at the level the Government has is absolutely essential, necessary and warranted. Currently, it is affordable. The State's debt levels are lower than in 2012 but they are a lot higher than they were in 2005 and we need to think about how we are going to get to a more sustainable position in the long term and not leave ourselves vulnerable to shocks. There is no money tree. At some point we will have to make sure that these measures, which are aimed at dealing with the pandemic, are temporary. They are going to have to be removed. That is again the importance of them being targeted.

The final point in my statement is that at the same time as doing all of that, we need to continue building the economic resilience for the long term. That is not just about debt; it is about making sure workers have got the skills to cope with a different environment in the future. It is also about making sure that we are ready for the challenges of climate change and for whatever changes or impacts the UK's withdrawal from the EU will have. There are some very big challenges out there and we need to plan for them now at the same time as doing everything else.

Chairman: I have two questions. There are a lot of accounts floating about of loan approval being withdrawn for persons on the pandemic unemployment payment. Does Mr. Makhoul have any more than anecdotal evidence of that and, if so, is it a concern? Perhaps he would answer that question first.

Does he think that the 2015 regulations on SME lending are adequate, in particular access to an independent appeal quickly? I refer to the period within which one can access that independent appeal and the independence of the appeal process to a refusal of credit.

Mr. Gabriel Makhoul: I am sorry but I cannot comment on the adequacy of the 2015 regulations because I am not familiar with them, but I am very happy to send the Chairman something in writing.

On the point on mortgages, I will repeat what I said earlier. It is important that lenders do a proper assessment of the creditworthiness of their borrowers. That is absolutely important, not just in the interests of the lender but it is also in the interests of the borrower and of the community as a whole. On the other hand, it is also important that the assessment is done properly, by looking at the creditworthiness of the borrower, so I was a bit uncomfortable when I read the other day that there were blanket approaches whereby if one received a particular type of payment, one would not be entitled to a mortgage. To me, that implied there was not a proper targeted credit worthiness assessment - that there was some broad brush being applied - so it is important that is done. Unfortunately, that will mean, in some cases, that a very long-term financial commitment cannot be entered into because it is not in the interests of anybody.

Chairman: Is the Governor similarly concerned that a proper assessment is not being car-

ried out on the reasons SMEs have been unable to make repayments on borrowings and whether they have been particularly affected? Business people have told me that, effectively, they have had no business for the past number of months but they have a very good track record of repaying borrowings and yet are being treated as if there is no particular reason and they are defaulting almost for the sake of it without an analysis being done of the underlying conditions of the market.

Mr. Gabriel Makhoul: I have heard less of what the Chairman has described. Obviously, again, if there are broad brush rules being applied then I would be uncomfortable about them. On the other hand, it would not be surprising for banks or any credit institution to exercise caution right now. The interesting thing about SMEs is how many of them do not have bank debt, as we talked about earlier. A significant number of them do not even have a relationship with their bank manager. That is quite a different situation from what one normally sees with borrowers in the housing market and, as I said earlier, that is not automatically a good thing.

Chairman: The banks in small towns across Ireland are doing everything possible to ensure SMEs and individual customers cannot have any relationship with their managers. If the Governor wishes to respond, that is fine but otherwise we can draw the meeting to a close. I thank the witnesses for their time and apologise for having to rush them on many occasions but a number of speakers wished to comment in a short period.

Mr. Gabriel Makhoul: Thank you.

Sitting suspended at 11.05 a.m. and resumed at 11.30 a.m.

Impact of Covid-19: Education – Return to School and School Transport (Resumed)

Chairman: We are back in public session and returning to the issue of education provision from September, reopening schools and school transport. In Committee Room 1 from the Irish Primary Principals' Network I welcome Mr. Damian White, president, and Mr. Páirc Clerkin, chief executive officer, and from the National Association of Principals and Deputy Principals I welcome Mr. Alan Mongey, president, and Mr. Paul Byrne, deputy director.

I advise the witnesses that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. If they are directed by the committee to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable.

There has been a certain drift with timekeeping. With the general exception of Sinn Féin speakers everybody else has tended to go over and ask a question in the last seconds available to him or her, which takes a couple of minutes to answer. We do not have time for that this morning. If members wish to ask questions right up to the end of the time available to them, I will be asking that the answer be provided in writing.

Without further ado, I invite Mr. Clerkin to make his opening remarks and I ask him to confine them to five minutes as his statement has been circulated to committee members in

advance.

Mr. Páirc Clerkin: The Irish Primary Principals' Network, IPPN, is the professional body for the leaders of Irish primary schools and provides a variety of supports and services to almost 6,500 principals and deputy principals. Since 2001, I have been principal of St. Patrick's national school in Diswellstown, Dublin 15, a mainstream school with 44 staff and almost 800 pupils. I was appointed as chief executive officer of the IPPN in 2017.

As outlined in our submission to the committee, on 13 May the IPPN made a detailed submission to the Department on the reopening of schools. Progress has been made in several aspects of that submission, including the provision of some guidelines and templates and the preparation of training for staff. We were reassured that our recommendation to pause new initiatives and school inspections until at least early 2021 is being implemented. This respects school staff, who must prioritise getting their schools up and running in very changed circumstances.

An important clarification to make is that schools are not reopening as such; school buildings are reopening. Staff and, in particular, school leaders have been working incredibly hard in very difficult circumstances since school buildings were closed on 12 March to facilitate remote learning and do all the other planning that must happen in all schools throughout the year. School leaders will also be working throughout the summer to prepare their schools to welcome back safely the pupils and staff in late August and early September. The language around this is important.

The IPPN has been working closely with our fellow education stakeholders, primarily the management bodies and the INTO but also with education centres and the Professional Development Service for Teachers, to provide a suite of supports relating to remote learning and the reopening of school buildings for summer provision and the new school year.

The IPPN has developed a comprehensive resource bundle, which was submitted to the committee yesterday, and will be available to school leaders. The resource bundle collates all of the guidance, planning and other templates, checklists, frequently asked questions and training materials that have been developed. This will assist schools to develop and implement their plans to ensure a safe return to the school building for all members of their school community. We have committed to keeping this resource updated as further guidance and resources are approved by the Department of Education and Skills, the Health Protection Surveillance Centre, HPSC, and the Health and Safety Authority.

While there are any number of aspects we could cover today, in the interest of brevity I will highlight the ten key recommendations and challenges that have yet to be fully addressed. The Department of Education and Skills issued guidelines for the reopening of schools on 29 June and the HSE and HPSC interim recommendations for the reopening of schools were issued on 1 July. There is insufficient detail on a number of matters, including the deployment of shared special education teachers within and among schools, school transport, the funding of cleaning and personal protective equipment, additional training and staffing to cover absence.

A critical issue is the need for additional leadership and management time to be provided to teaching principals to flexibly meet the needs of their schools. Simply put, they cannot be expected to teach as well as lead their schools through the reopening phase. To enable schools to manage during the reopening phase, substitute cover is needed for every absence. Schools also need to have flexibility in how they allocate staff to comply with social distancing require-

ments, including arrangements for shared special education and teachers of English as an additional language who work in multiple classrooms or in multiple schools, while ensuring the most vulnerable children receive the required support.

Additional funding must be provided to schools upfront to enable them to implement the guidelines in full. In addition, the centralised procurement and distribution to all schools of appropriate and sufficient PPE and cleaning materials prior to their full reopening in the autumn would greatly alleviate schools of a significant burden over the summer months. The proposed procurement framework is a positive development but must include PPE as well as sanitiser. This will be critical, especially for special schools and mainstream schools enrolling children with special needs.

Training specific to schools is needed, particularly in supporting children with special educational needs, as specific concerns and issues will pose significant challenges for school staff with regard to intimate care needs. In addition, specific training is required for cleaning staff, staff representatives, compliance officers and school leaders. The training being prepared by the HSA needs to be expanded to address these cohorts.

Special schools face huge challenges in reopening their school buildings in September. They will require additional personnel and PPE as well as very clear guidance and training on the intimate care challenges they will face day to day and funding to support the purchase of extra resources to limit the sharing of materials in or between classes.

School leaders will need support in implementing the safety aspects of reopening as well as in teaching and learning in a much altered environment. “Developing schools”, newly amalgamated schools, schools with recently appointed principals and those setting up new special classes in September will all need additional support this year, given all the additional work all schools will have to undertake. Special consideration must also be given to schools undergoing significant repair due to the Western Building Systems issue, where expected completion dates cannot now be met due to the length of the recent lockdown, and school leaders and boards of management are faced with the extra difficult logistics issue of ensuring the safety of pupils and staff in greatly compromised situations. As school inspections have been paused until at least early 2021, the role of inspectors should be temporarily redirected to support schools to get back up and running and to restore normality. However, this must be a collaborative rather than an inspection-based approach.

No school should lose a staff member owing to Covid-19 - for example, a parental decision to keep a child at home or to defer the child’s start in junior infants.

School transport will be a significant issue for many schools and particularly challenging for special schools. The HPSC-HSE guidance does not clarify whether distancing on school transport is to be at 1 m or 2 m. There is also the matter of specific guidance for drivers, escorts and pupils availing of school transport, buses as well as taxis. This needs to be urgently clarified.

Centralised communications should be provided to schools and parents to indicate clearly that schools have to balance the safety of the school community with a child’s right to an education.

IPPN president, Damian White, and I welcome the opportunity to discuss these and other relevant points further with the committee.

Chairman: I ask Mr. Mongey for his opening remarks and to confine them to five minutes.

Unlike with the previous speaker, I will intervene after five minutes. I am sorry.

Mr. Alan Mongey: I thank the Chairman and members of the committee for the invitation to present to them. I am president of the NAPD, and I am a principal of a school of more than 1,000 pupils. I am joined by Paul Byrne, deputy director of NAPD.

Throughout the Covid-19 pandemic, NAPD has represented post-primary school leaders and supported them in their task of ensuring the continuity of learning and teaching following the closure of schools last March. The association has listened to, supported and engaged with our members remotely through regional online meetings and indeed has seen our highest levels of participation and engagement during the past few months. We were actively involved in supporting the continuity of learning and teaching and in the calculated grades process in our schools. We have been analysing the challenges and seeking to find safe solutions to reopen schools in line with Department of Health and HPSC guidance and the support our members need in this complex process. NAPD would like to see a full return of all students to school in late August to September, provided it is safe, practical and possible to do so for students, all school staff and school leaders.

Post-primary schools vary in size from 100 to more than 1,500 pupils. Each school has its own unique contextual factors that will impact on what a return to school may look like. Schools are extremely complex organisations. Factors adding to the complexity of safe and practical reopening include the building facilities, room numbers, size, age, condition, whether hot water is available, canteen facilities, break time space, etc., staffing, both resourcing and capacity; staff and student health and well-being; the curriculum offered; timetabling; and ICT facilities, to name but a few. A one-size-fits-all solution to school reopening will not work. However, centralised support, guidance, procurement and direction are essential to reduce the burden which will be placed on school leaders. As it is, it will be them alone who are tasked with leading and managing the reopening of schools.

NAPD acknowledges and welcomes the collaborative approach taken by the Department of Education and Skills with the education partners and the emerging guidelines and protocols for school reopening, most notably last week in relation to the HSPC guidance on school reopening and the draft response plan for primary schools. However, applying this guidance will be extremely challenging in the post-primary school environment. We also welcome the centralised development of policies and procurement frameworks for hygiene supplies and equipment.

To ensure that a response plan for post-primary schools is actionable and achievable a number of things must be actioned urgently. Each school requires the appointment or reallocation of a member of staff to act as a Covid-19 assistant. The workload for school leaders is already acknowledged as being a significant issue. This is supported by research commissioned by NAPD over the past number of years and by European research. School leaders need this support to ensure that their core focus is on ensuring quality teaching and learning.

A financial package is needed to purchase items from the framework and to implement the practices outlined in the HSPC guidance. This includes resources to ensure adequate levels of cleaning and caretaking staff can be employed. The levels of staffing in this area were depleted during our last recession.

The combined response in moving to distance education overnight and without warning needs to be acknowledged. We now, however, have the time to plan for the next academic year. Blended learning for post-primary education will form part of our future practice. There must

be clarity, however, as to what we mean by blended learning and what are the expectations of schools in this regard. There must be clear guidance produced by the Department of Education and Skills to ensure equity of provision for all students.

Contrary to popular believe, teachers do not begin work in late August when students first come through the doors of the school. They spend considerable time during the summer months reflecting and planning and preparing for the coming academic year. This year more than any other requires immediate clarity for teachers, students and school leaders in relation to curriculum and assessment. School leaders will have developed timetables for the next academic year which take weeks and sometimes months to prepare. Teachers will be preparing schemes of work and subject plans to prepare students for the year ahead and students and parents of students going into third and sixth year are very concerned about time missed and are already asking about State examinations in 2021. We understand that the National Council for Curriculum and Assessment, NCCA, and the Department of Education and Skills are actively working on this and we request that clarity be provided as a matter of urgency.

In conclusion, I thank committee members for their time today. Please be assured that NAPD is committed to working in partnership with all stakeholders in education towards the safe reopening of schools. Providing the best education for all students in our schools in a safe and caring environment is, as always, our priority. Investment in education, especially at a time like this, is investment in the future of our country.

We are very happy to answer any questions committee members may have.

Deputy Cormac Devlin: I welcome the witnesses today and thank them for their time and their opening remarks. I do not think anybody can underestimate the challenges faced by schools. The immediate question facing parents, in particular, in March when the schools closed was how long this was going to last. Ultimately, as it went on longer and longer, the question turned to how this is going to change and how the schools are going to reopen. I welcome the remarks and I heard Mr. Mongey this morning on radio outlining some of the challenges.

I want to put on record my own appreciation for many teachers who have done exemplary work in these challenging times. Mr. Mongey mentioned in his opening remarks the issue of equity for schools. We have to recognise that not every school, not every learner and not every child has the same access, unfortunately, to the equipment required to have what Mr. Mongey termed “blended learning”. Online is no substitute for the classroom and we need to get to the point of flushing out all those issues. The resource bundle dated July of this year includes 194 checks, many of which point to the school leaders looking for supports within the school. I get nervous when I see that because those are 194 reasons not to reopen schools. While I welcome the positive guarded comments about reopening schools, and it is important to start from that position, parents, in particular, want to know how and when it will be done. I speak as a father of three, but having been contacted by countless parents who have been in the position, either trying to work from home or maybe doing shift work from home, of trying to teach their children.

The international evidence shows the continued closure of schools will have an impact on our children. That is why I emphasise the need to reopen, particularly, as I have said, where children do not have access to IT equipment. It is critical that schools reopen. In the view of each of the organisations, what exactly is required to open our schools come September?

Chairman: Who does the Deputy wish to answer them first?

Deputy Cormac Devlin: Mr. Mongey is there on screen, please.

Mr. Alan Mongey: Certainly, at post-primary level, the Deputy mentioned more than 190 checks. From reading the HPSC document, there is a significant level of pre-preparation that needs to be done before we return to school. The month of August is an extremely challenging time for principals any year anyway in preparing for the new academic year. Primarily, what school leaders at post-primary level need is assistance to implement those practices.

We are problem solvers at post-primary level. We look at how we can get schools open. We are not afraid to put our shoulders to the wheel in implementing what has to be done but we require assistance to get it done. Considerable work is required. The documents produced, in terms of the draft return-to-work protocols and the document by the HPSC, clearly outline all of the individual issues that need to be looked at but that requires time. There is not time for principals and deputy principals alone to do that and assistance is required.

In addition, a significant financial package is required for schools. We want to see schools reopen. We want to students back in school. However, I am conscious of the current level of resourcing in schools. I have 1,000 pupils in my school and almost 100 staff. At present, I have one cleaner who is funded through the resources I get from, in my instance, an ETB, and I have to add funding to the pot for cleaning from the capitation grant that I get from the Department to subsidise that. Under the guidelines that are outlined, it is neither feasible nor possible for two cleaners to prepare and clean a school on an ongoing basis. A significant level of resourcing is required for schools in terms of a financial package to recruit additional cleaners. That is required urgently because, with Garda vetting and with the recruitment process that is involved, it takes time to do all of that. We cannot have a case in mid or late August, when, hopefully, these resources are provided to us, that we then begin that process. That needs to happen urgently in the next number of weeks.

Many school leaders will not get a summer break because we are preparing for the return to school. School leaders, and teachers, as the Deputy mentioned, have worked extremely hard during the remote learning when that was in place and a short holiday is needed over the next number of weeks. If we get the resources and clarity urgently, it will lessen the burden on school leaders.

Deputy Cormac Devlin: I will ask Mr. Clerkin the same question. I will add to it what Mr. Mongey referred to, namely, the additional cost. Every business that reopened and any entity that has had to reopen to the public incurred additional costs. One would accept that, but there is also a requirement of additional space stated in the roadmap. Mr. Clerkin might touch on it. Certain schools had plans for school extensions that were due to be constructed over the summer months and that did not happen. Portakabins were also due to arrive, but that may not be happening. I would like the views of the witnesses on those issues.

None of this can happen without funding. Can anyone put a figure on the funding being sought? Mr. Mongey referred to the cleaner, and I heard him speak about that earlier. I do not know how long a school with 1,000 students has had one cleaner. Covid-19 or no Covid-19, that does not seem tenable. Given the costs ultimately associated with all these documents and all the discussions that are happening, what kind of funding are we talking about? I ask Mr. Clerkin to answer those questions, please.

Mr. Páirc Clerkin: I will clarify, from a primary school point of view, that we are very cognisant of the views of parents and the anxiety within households. We are planning for the

safe and orderly reopening of our schools. We want to see all our children, if possible, back in our schools in September. We must have plans which can be safely and successfully implemented. Those plans must build confidence within the whole school community.

The bottom line is that the school principal will be expected to answer all the questions. There will be anxiety among staff, children and parents. We must build confidence to ensure everybody is signing off the same hymn sheet, understands the objective and understands how we are going to implement these plans safely. We must minimise the possibility of the virus getting into schools. We must look at all the challenges we face from the point of view of ensuring the virus cannot be allowed into schools, because we know that situation will possibly mean a school having to be shut down for a time. That is not something we want to see happen.

We welcome the draft plans, but we know further issues need to be examined. One major issue is finance. Flexibility is key in how we will manage the reopening of schools. We are faced with an enormous challenge for our teaching principals. Our teaching principals cannot be expected to implement the plans required for the safe reopening of schools while teaching full-time at the same time. That is just not reasonable and it is not doable. We will need flexibility regarding substitution. We will also need flexibility in ensuring substitution will be available on day one in the case of all-class substitution or all-class absence. These are issues which must be examined and costed. Our understanding is that the Department has committed to providing the extra funding that will be required to meet the extra costs for cleaning, sanitiser and PPE. We also know that there will be increased costs concerning substitute cover.

When we raised these issues with the Department, we were told they are being discussed with the Department of Public Expenditure and Reform. We do not have any costings regarding those issues, but we know that funding will be required to ensure our schools can be opened safely, our school communities can have full confidence in how we are implementing the plans that are in place and the flexibility that will be required can be implemented successfully. We do not have specific costs, but we know funding is being examined. Substitute cover will be an absolute must to ensure we can provide security for schools to remain open. The same thing applies to the costs concerning cleaning and PPE, etc. We welcome the work the Department has done in putting the procurement framework in place and we will continue to work with it to ensure that is a success.

Deputy Cormac Devlin: I thank Mr. Clerkin and Mr. Mongey for their remarks. As long as that can-do attitude can remain, people will be a little bit more at ease with the whole process. I thank the witnesses.

Chairman: The first speaker from Fine Gael is Deputy O'Dowd, who is taking five minutes.

Deputy Fergus O'Dowd: I worked in a post-primary school that had 1,200 students. I can appreciate the difficulty caused by Covid-19 and how it will be possible to organise things. One of the key points will arise when students are out of class. How will that situation be monitored and that activity supervised? Sometimes one needs to have eyes in the back of one's head to see everything that goes on in a school. People congregating without the knowledge of the school authorities can create problems.

One of the key issues where I noted problems in the past concerned students coming to school on public transport and getting off at a central location. There is a major issue regarding how to then get students into the school building and how they leave again in the evening. Generally they tend to rush out once the bell goes and if someone is in the way I feel sorry for

them. How is that going to be managed? The issue of restriction of classes also arises in this context. If one is a teacher of a subject like Irish or English, one's students will have to stay in their room if at all possible rather than having teachers based in their own rooms. This will involve more movements of teachers rather than students as a way of restricting unnecessary movements in the school.

I will conclude by asking about the involvement of parents in break time supervision. I accept and acknowledge totally the witnesses' concern for principals, vice-principals and other postholders. Unless one gets buy-in from everybody - all of the staff and all of the parents' council - it is not going to work. Could the witnesses comment on those issues?

Mr. Alan Mongey: Congregation is a significant challenge in our schools at all times due to the volume of students within our school buildings. The Irish weather does not lend itself to many students being outside at break times, certainly in September and October. It is going to be extremely challenging.

On school transport, if we start at the beginning of the day as students arrive, significant structures and systems are going to have to be put in place and new routines are going to have to be developed within schools. That needs to be done in consultation with transport companies, parents and teachers, etc. All of that is going to take considerable time.

In a way, there is going to have to be a risk assessment carried out of almost all activities that happen in a school from one end of the day to the other. That is why in the context of Covid-19 we are calling for assistance and help for school management during August so we can look at all of those issues and try to develop safe and practical routines to implement the advice and guidance outlined by the HPSC. Potentially we are looking at students arriving on school transport wearing face masks. We need to get to developing those practices and systems and it is going to take a community effort. I have said recently that if parents want students returning to school in September, they must realise that heading off on a foreign holiday to Portugal or Spain is going to challenge significantly the ability of schools to accept those students through their doors at the beginning of September. This is all about trying to keep Covid-19 out of schools and trying to maintain safe, healthy practices within schools.

Schools are going to need additional assistance on an ongoing basis to help with supervision on corridors at break times. Again, there is going to have to be quite a significant education programme created for students upon the return to school. When we return to school at the beginning of September, we will have to deal with all of the issues around student health, well-being and anxiety that have developed over the last number of months, for example among examination students leading into examination years. The development of routines in school, for example with regard to entry and exit from classrooms, needs to be looked at and managed. As these are new practices, there will have to be significant buy-in from all of the partners.

Post-primary schools are extremely complex. It is extremely challenging for students to remain in classrooms, and in pods within classrooms, in post-primary schools. First year and transition year allow for a certain amount of flexibility because there does not tend to be significant movement. Where there are optional subjects in second, third, fifth and sixth year, and where there are higher and ordinary level classes in subjects like maths, English and Irish, no two class groups are the same. In a school like ours, it would be rare to have 24 of the same students together with a number of teachers. That is an extremely challenging environment.

If we look at physical distancing, we need to look at trying to increase separation within

classrooms and at decreasing all of the interactions between students on an ongoing basis. That is going to be extremely challenging. Everyone will have to play their part in that regard, including teachers on corridors as students move between classrooms. We are going to have to develop practices within schools to look at how we can assist with that physical interaction in a way that minimises it. Post-primary schools are going to find it extremely challenging to implement, which is why significant resourcing will be required in schools to maintain that. All of us want our students back. Schools need it and society needs it. If we move to blended distance learning week-on, week-off, that is going to cost a significant amount to the economy where parents cannot return to work because they have to look after and assist children at home. We either invest in ensuring schools can return in September or the option in we look at in terms of blended learning will have multiple and significant costs for society.

Deputy Fergus O'Dowd: I refer to staggered school hours where one might start at 8.30 a.m. or 9 a.m. but would continue with that so that some students might not come in until 11 a.m. or 12 noon. They would have a longer day and go home at a different time. It is a major challenge. Has Mr. Mongey thought about that?

I presume the principal signs off on the plan but that every plan would have to be verified independently of the school. Ultimately, Mr. Mongey is responsible as a principal for anything that happens, and, therefore, he needs to have verification of his plan. He is ultimately accountable. Is that not the other side? If he does not have the resources to act fully accountably, he cannot do his job.

Mr. Alan Mongey: School leaders have absolutely no problem in being held to that level of accountability. We shoulder that on a daily basis in any other year. The Deputy is correct that we need to be given the resources to meet that level of accountability. Policies, etc., are being developed centrally by the education partners, including the Department, but their implementation is going to be challenging and significant in schools and we need all the support we can get in that regard.

Deputy Fergus O'Dowd: What about the question of the staggered or expanded school day?

Mr. Alan Mongey: That has huge implications. At post-primary level, it has huge implications for curriculum and assessment. If we are talking about staggered school days and students being at home for 50% of the time, do we cut the curriculum by 50%? I do not think any teacher or student believes that is a realistic option. A full return to school is what we are all aiming for. If one looks at staggered school days and some students being at home, there are a number of options. The curriculum and the assessment requirements on students must be significantly cut, particularly for examination years, or a system of blended learning development that has never been seen before. It needs to be equitable for every student in the country to make sure every student is provided with the same standard of education. The investment that would be required for that would be astronomical.

Deputy Fergus O'Dowd: I want to go back to the point I made about out-of-class activities. When a teacher is in the class, that is fine. However, when the students go outside, generally a small number of teachers supervise even a thousand students. Can Mr. Mongey quantify that? I acknowledge each school has a different physical environment,

but an awful lot of-----

Mr. Alan Mongey: Significant supervision is required, and I will go back to the Irish weather. It is quite easy on bright sunny days when students are out on the playing fields, if one is lucky enough to have playing fields in one's school. However, on wet, windy, cold days when every student is squeezed into corridors and classrooms right around the school, social distancing will be significantly challenged. We need to look at what mitigation measures can be put in place in schools to assist in that regard to make sure the environment is safe and secure for students, teachers and staff.

That is why significant investment is required. Significant supervision is needed. The vast majority of students are well behaved and will follow the guidelines and ask what they should do, but teenagers are teenagers and young people are young people, and they continue to push the boundaries, even at home, not just in schools. A huge amount of support is going to be required in terms of supervision at lunchtime. That is just from a post-primary perspective. Perhaps primary schools might have an additional perspective on it.

Chairman: I call an Teachta Ó Laoghaire.

Deputy Donnchadh Ó Laoghaire: Gabhaim buíochas leis na cainteoirí as a bheith linn tráthnóna. It seems to me there is a strong message from both presentations that the objective is, and should be, the full return of education in school buildings. I welcome that. I have been saying for some time that this should be priority, and it is the priority of most people involved in education. This reflects a widely held attitude that, while there are undoubtedly obstacles to be overcome, this is a valuable objective because, despite everyone's best efforts, there is no question but that many children, particularly those in most need, have lost out due to the lack of time in school. Unfortunately, there has been a lot of ill-informed critical commentary from people in the media regarding teachers, school staff and principals. This is regrettable. It is the objective of everyone involved in schools to deliver a full return to schools.

I will start with a simple question. I ask Mr. Clerkin and Mr. Mongey whether it is deliverable.

Mr. Páirc Clerkin: We are completely focused on devising and implementing a plan that will ensure this objective is doable. That is why the stakeholders within the education sector have been working on an ongoing basis, combining their strength and working together to ensure it can be done. I am talking about the management bodies, professional associations such as our own, the unions, our education centres and many of our school leaders. These have all been working together to come up with solutions to the different challenges schools will face. That is why we have a resource bundle. It is a live document, which is updated daily and weekly to ensure that, as these challenges are overcome, there is a draft plan that can be implemented in every county.

Deputy Donnchadh Ó Laoghaire: I am sorry; I am very conscious of the time. I will take Mr. Clerkin's answer as a "Yes". I am aware of the resource bundle. I have looked at it. It is an excellent resource. Will Mr. Mongey briefly address that same question? Does he believe this is doable? I may then move on to some other questions. I ask him to be as brief as he can. I apologise.

Mr. Alan Mongey: Yes, it is doable, provided the resources are provided to schools to action the plans we have all made.

Deputy Donnchadh Ó Laoghaire: My next question is crucial and relates to space. We

have some of the largest class sizes in Europe. I believe they are the largest in the EU at the moment. I address the following question to both representatives. There is to be social distancing and 1 m between children from third class upwards. If all children are to return to school together, there are two possibilities; either this social distancing will not have to be applied or additional space will have to be provided. Which route is being pursued? On what basis are the organisations preparing? If it is the approach of additional space, are schools actively seeking such space at this point? How do the witnesses see this objective being delivered in line with public health guidance? Mr. Mongey might respond first.

Mr. Alan Mongey: It will be extremely challenging if we are to follow the rules with regard to 1 m and 2 m. We have done some work on classroom sizes and between 24 and 26 students can be accommodated in a classroom of 47 sq. m such as is found in a normal brand new school building, provided much of the fixed furniture is taken out and very little movement is allowed. Many of our post-primary schools, however, have classes of 30 students. It will, therefore, be challenging. Should we plan in the hope that the 1 m restriction is slightly altered? What can be implemented in schools where social distancing is not possible in every single classroom? What can we do in such classrooms to allow all students to enter the room? We have additional and significant challenges in cases where one or two special SNAs are present in a classroom containing 30 students and a teacher. All of a sudden, there are 31 or 32 people in the class. That is challenging. As I have said, however, we are committed to working with all the partners Mr. Clerkin has mentioned to come up with solutions in that regard. In respect of the timeframe involved, there are only seven and half or eight weeks until the beginning of the new school year. It is not possible to provide additional prefabs for schools, certainly in post-primary schools, in such a short period. We will certainly utilise every space available within a school that has significantly larger class sizes but that may require additional resources such as additional seating or desks, etc. around the school. There urgently needs to be a significant audit of schools to determine their individual capacities to see how we can meet these requirements. That is why-----

Deputy Donnchadh Ó Laoghaire: While Mr. Clerkin is addressing the question on space and social distancing, I might ask him another question. He said a good deal in his commentary about PPE and the cost of same. What kind of PPE does he anticipate might be needed? There are educational issues with some forms of PPE such as masks because facial expressions are important for children, especially children with special educational needs. Are we talking about plastic partitions or visors, for example, or is it just gloves? What kind of PPE does Mr. Clerkin have in mind when he refers to the additional costs involved with that? He might also address the issue of space. I ask him to address those issues within a minute or so because I have one more question.

Mr. Páirc Clerkin: Space is an issue and the size of classes is an issue. We have extremely large classes and I note the Minister's comments on this issue. There is a complication for our third class to sixth class children if we are to implement the 1 m rule. Our plans are based on the contingency whereby we are looking at the class bubble and pods within the classroom and those pods would need to implement social distancing of 1 m between pods. If the medical guidance-----

Deputy Donnchadh Ó Laoghaire: I want to hop in with a supplementary question. How many children will be in a pod?

Mr. Páirc Clerkin: That has not been clarified yet. Those issues are still being discussed. There is no absolute clarity on that and that is something we are seeking clarity on, as well as

on the medical evidence and advice on those issues because, as I pointed to at the beginning, this is about building confidence and ensuring everybody has confidence in the plan that is to be implemented. We will seek clarity on that issue but that is the plan we are working on. If that is not possible, we will have to go back to the drawing board to see what plan can be implemented to ensure the maximum number of children in third class to sixth class return.

On PPE, we want the framework to be put in place and for the flexibility to be there that when there is medical advice to say a school needs certain equipment, that it would be available to the school, that the school will have the funding in place to be able to resource such equipment and that this will not be a burden that will come back on our parents. In many of our schools we are having to look for voluntary contributions to pay for the basics. We do not want that to be an issue for any school in this situation.

Deputy Donnchadh Ó Laoghaire: I agree with that and that is an important point. Refuse costs, for example, could increase so that also needs to be considered. Mr. Clerkin does not have any specific idea in mind on what kind of PPE might be required. He is just anticipating that if there is a requirement from public health guidelines for PPE then that would be covered. Am I understanding him correctly?

Mr. Páirc Clerkin: We have been given the advice that very little PPE will be required but that in some situations it may be required. In such cases it could be masks or visors. We just want to ensure that what is required, especially by our special schools or special classes, would be made available.

Deputy Donnchadh Ó Laoghaire: I have a concern about children who could drift from the education system. In terms of monitoring, we have the educational welfare service but the monitoring of children attending school will become difficult because there will be increased absences, perhaps because children have symptoms or because a parent or child is immunocompromised. Is Mr. Clerkin concerned about this issue and how should we tackle it? Should we consider increased provision of home school community liaison officers? What measure should we take to try to tackle this?

Mr. Páirc Clerkin: This is another important issue. I noted the Deputy's comment that teachers and school leaders have been working extremely hard since the school buildings were closed. An awful lot of that work was unseen. They worked to try to keep these vulnerable children engaged with the education system. That meant one-to-one interaction in some cases where it was possible to do so. That interaction involved making contact to families and calling to families and they were constantly on the phone to ensure it was possible to keep those vulnerable children engaged with the education system. That work has been a priority for all of the schools. This will be a challenge when we return to school. There will need to be a focus to ensure that at we have the resources in place through our dedicated teachers and special educational needs teachers so that we can give the support required to these children. The flexibility I have spoken about is required to ensure that we can do that.

Deputy Marc Ó Cathasaigh: I am keen to acknowledge the extraordinary work that is being done by school leaders. The principal in my local school has told me that even though he is wandering empty corridors, he has never been as busy as he has been this year. All of this is unseen work and it deserves to be acknowledged. The same is true of the engagement, especially by SEN teams to which Mr. Clerkin alluded, to keep these most vulnerable children in contact with schools. It has been highly valuable work and mostly unseen. It deserves to be acknowledged.

I am going to dig into a couple of issues, especially in respect of attendance. I will aim this mainly at primary school level so perhaps Mr. White and Mr. Clerkin will want to speak to this. I have a number of questions. The first relates to the primary online database returns, which have to be submitted on 30 September. Mr. Clerkin addressed this in his opening comments. We know that the staffing for August 2021 will be decided on the returns for 30 September this year. In all likelihood there will be reduced admissions to junior infants this year as parents hold on to their children. Has the IPPN been given any clarity on whether there will be staffing implications? As I said, in all likelihood the cohort of junior infants who are held over will lead to larger classes in 2021.

On the same topic, has the IPPN received any guidance on changing the guidelines for NEWB notifications? Normally notifications have to go out to parents after 20 days of absence. Has this been changed or relaxed in any shape or form? Circular 0028/2013 relates to an absence of 20 consecutive days and provides for a child being struck off the roll. Parents whose children might be immunocompromised may decide to keep the children at home for a longer period. Has the IPPN received any guidance or clarification from the Department on those attendance issues?

Mr. Páirc Clerkin: We have not had guidance or clarity but these are issues we have raised with the Department and they are issues we are highly concerned about. Obviously the 30 September returns are relevant because staffing for the next school year is based on them. It is even more serious for a developing school or a new school because the staffing of that school for that particular year will be based on having the numbers on 30 September. We have asked for absolute flexibility in respect of this issue. There needs to be a pragmatic approach. It cannot be a blunt instrument whereby if a school is down by one, it loses a teacher. The school will still have children in the class who have to be taught. I expect that these issues will be clarified by the Department and that the Department will give the required flexibility, especially in respect of the new and developing schools that will need its support. It is likely that the numbers expected may not appear on 1 September and might not be there on 30 September.

The Deputy asked about the NEWB guidance on 20 days. Our approach is always to support children and their attendance at school. It is about problem solving and how we can support them to get back into the school. We do not look at it in terms of being struck off. That is an operational issue in respect of the roll book. The child's place is available and we try to get them back into school as soon as possible. We work with the attendance officers and NEWB to try to give every support to the family and child to get the child into school as soon as possible.

We are going to have to work together on all these issues, especially with our vulnerable children, to ensure that the children remain engaged with schools and that we can get them back into school as soon as possible. Flexibility will be the key to ensure that we can operate schools properly and successfully in September.

Deputy Marc Ó Cathasaigh: I have a question about blended learning and how it is being rolled out. How well supported do principals feel? The closures happened at short notice and staff started using Seesaw, Edmodo or Kidblog or any number of these resources. Does the IPPN believe that continuing professional development is being well catered for in summer courses? Will the staff be in a good position to take advantage of these? Has it been standardised across the various school offerings?

Mr. Páirc Clerkin: The Professional Development Service for Teachers, PDST, gives great support to schools with these issues. What happened in schools in March and April was

somewhat revolutionary. Over a three-week period, they moved from face-to-face interaction to a blended online learning platform.

The primary school setting is complicated. Working with infants is very different from working with fifth or sixth class pupils, for example, so challenges arise. Schools and teachers have upskilled over a short period and delivered a successful programme to children. From a primary school point of view, however, it is critical that we get children back into school. We cannot replace the face-to-face interaction that happens at school level. The blended online approach is a second class model as far as we are concerned. We need to get children back into school.

Deputy Aodhán Ó Ríordáin: I thank the witnesses for their presentations. I have two main questions, the first of which relates to second level and is something that I raise as often as possible. School principals of disadvantaged schools say that they are concerned about a lost generation of young people who are now over 16 years of age, have no legal requirement to be in school and, therefore, might not return in September. They are young people whom schools have worked hard to keep in the system, but they have now been out of the system for approximately four months. There is a worry that there has been no recognition of how dangerous a situation we are facing in terms of a cohort of vulnerable young people who will not return in September. Will the witnesses speak about what we can do to help?

Second, we have constantly stated our position that, without a major financial package that includes funding for staff, schools cannot open in September. As the witnesses know, we have overcrowded and underfunded schools. There is a suspicion or fear that some of the actual costs will fall on school management bodies, principals and the fundraising capacity of schools, which would not be fair at all.

In terms of staffing and potentially bringing retired teachers back into the classroom, do the witnesses agree that a major financial package is needed, and should it have happened by now, in order to ensure that the pupil-teacher ratios in primary and secondary school classrooms are reduced? What is lost in all of this is that, the first time many teachers stand in front of a class, they are worried about being able to control and manage the class. In a situation where there is social distancing, how can a teacher do that effectively?

Those are my two questions, that is, on the vulnerability of those who might not return to the system and what the witnesses believe the political system can do to address that, as well as on the staffing that will be needed in September. Young people returning in September will have been out of the system for more than five months. I know from my own experience that dealing with a child who has been out of the system for two months is a challenge, and that is without there being a pandemic or social distancing considerations. I would appreciate it if the witnesses spoke to these two questions.

Mr. Alan Mongey: It is a concern at second level, particularly as it relates to 15 and 16 year olds who have not been in school and are probably most at risk of dropping out post junior certificate. Schools have worked hard over the months of March, April and May, however. In my instance, our school guidance counsellors were in weekly, and almost daily, contact ringing and speaking to students to try to encourage them to stay engaged and motivated. It was a significant challenge, and ensuring that they return, come September, will be an even greater challenge.

We do this every year. A part of the work that principals and deputy principals do during

August is touching base with our schools' most vulnerable students to ensure that they are ready and capable of returning to school. That is why additional assistance is required at that time and we will be seeking help in this regard to ensure that we have the resources and capacity to meet or make contact with all of those students. Schools that have home-school community liaison officers are in a lucky position. They, however, generally do not start until the very end of August so additional help, support and assistance with regard to staffing will be required during the month of August to ensure we get the most vulnerable students back in. A lot of that, as Mr. Clerkin has said, will come down to building confidence in the system and ensuring people are confident that it is a safe environment for students to return to, that they will be looked after and that it is worthwhile to return to school. A huge amount of time and effort goes into that. I share the Deputy's concerns about those students.

Significant additional staffing is required in schools. Prior to Covid-19, there was a reduction in guidance counsellor provision for post-primary schools. This is an invaluable resource to have within schools. My school has an allocation of approximately 1.6 guidance counsellor posts for more than 1,000 pupils. This allocation is expected to cater for the personal development needs and vocational counselling needs of these students. We allocate additional staffing, however, so at present we have 2.5 people involved in this area. That, however, impacts upon class size. That is why we have increased class sizes at post-primary level. School leaders and schools are aware of the importance of having those resources within schools. When these resources were cut, schools reallocated resources in that regard. Not every school, however, is in a position to do that.

Chairman: I ask Mr. Mongey to conclude.

Mr. Alan Mongey: Significant additional resources are required to support and ensure care of students when they return to school.

Chairman: Mr. Mongey may provide a further reply in writing. Deputy Ó Ríordáin may come back in at the end if there is time.

Deputy Gary Gannon: I thank the witnesses. I have three questions or themes the witnesses might speak to or elaborate on. I will ask about morale, resources and guidelines. I am very concerned about morale in the wider school community as it heads back in September. The presentations have rightly pointed out that no teacher has been off for the last six months. In fact, they have been working extremely hard, as have school leaders. My friends and those I know who are teachers are tired and now they are coming in for criticism. For the first time, they are going back to a school environment in which they do not know what their role will be. I am concerned about the morale of teachers and the implications it might have further on into autumn. Are the witnesses concerned about that? What sort of well-being supports are needed for teachers? Are the witnesses concerned about increased levels of sick leave? Should we be factoring that into our considerations?

I will also ask about resources. I have asked the previous Minister and Department officials about things like the digital divide several times. A few months ago, I was told that money was being reallocated but this turned out to be just an accelerated delivery of money that had already been allocated. Last week, I asked a Department official about cleaning staff. I asked how many cleaning staff the Department will hire. I was told that, while the Department does not hire such staff, it does provide funding to hire them and that schools will need more. That funding cannot, however, be provided retrospectively. The money will need to be in schools' accounts by late August.

I also wish to ask about the guidelines. They are just confusing. They are filled with contradictions. For example, schools have the right to refuse students with temperatures but they are not required to take temperatures. I think about the first morning in September when all the schoolchildren will come flooding through the front door and into their classrooms. Who will be there to ensure students are sanitising their hands? The idea of Covid leaders has rightly been mentioned. Who are these Covid leaders? Who should they be? I understand that the organisations represented here do not create the guidelines, but do the representatives believe this role should be filled by special needs assistants, school secretaries or teachers? In the absence of clear guidelines, is there potential for conflict within the wider school community in September?

Mr. Páirc Clerkin: As regards morale, we are concerned. It will be a focus for schools. The Department and the National Educational Psychological Service, NEPS, have assured us and committed to providing supports to ensure we can address that issue with the whole school community, including teachers, schoolchildren, school leaders and parents. It is an issue which must be addressed. The starting point in all of this is the point made earlier regarding building confidence in the system. If we want to raise morale, we must ensure we have a plan which can be implemented and in which people have confidence. Appropriate training must be provided and everybody must understand their role and how they are going to carry it out successfully. That is the starting point. We must build confidence which, in turn, will build morale. The one thing we will have to do when we go back in September is ensure we focus on that and support each other. Having an attitude that we must cover the six months that have been lost would be the wrong approach for us to take. It is about dealing with the challenges that we have now in supporting individuals and children, and giving the vulnerable children the supports that they will require. We must gradually help and support children to re-engage with school, and then the learning will take off from there.

The guidelines are a work in progress and many issues require clarity. Again, that clarity must come from the HSE. We need the medical guidance and facts that can back up that the plans we are putting in place will be safe. On temperature taking and all of those things, there needs to be absolute clarity on how those will be managed. What will ensure success is if the whole school community works together, that we are all vigilant and that parents are given the training they require to ensure they will not send their children into school and know when not to send children into school.

In terms of resources, there is a critical thing for us in primary schools. We need a panel of substitute teachers and substitute SNAs to ensure that every single classroom has a teacher. The very basic that any child should expect is that they have a teacher in his or her classroom on a daily basis. One cannot have a classroom of junior or senior infants without a teacher. At the moment the first day of absence, in many situations, is not covered by a substitute, which must be addressed. We must have a panel of substitutes that we can call on to ensure that we will have the cover in place. We also need cover and a panel for SNAs. The vetting of SNAs is complicated because they must be vetted in every single school in which they work. We need a centralised process whereby SNAs can be vetted centrally and, therefore, have substitute SNAs available to schools across the education system so that we have the supports in place for our children with special educational needs.

Connection is key; that is what schools have been and will continue to be focused on as it is very important going forward.

Chairman: I ask that Mr. Clerkin puts his response to Deputy Gannon's question in writing.

I call Deputy Kenny.

Deputy Gino Kenny: I thank all of the speakers for their contributions. All indications point to there being extreme challenges for teachers, students and those who will be in the educational system in September. The classroom will look very different in September from what it did in March. Safety for all is paramount. When one considers all of the mitigating circumstances, over the past six months Covid has shown us that there are major faultlines in the public services regarding health, education and so forth but particularly education because of the teacher:student ratio. In those circumstances the school classroom will look very different come September, if not completely different under the guidelines. What is needed is what was needed in the health service at the beginning of March and April when we had a Be on Call for Ireland for health staff coming back from abroad. We also had recruitment freezes and new teachers entering the education system. Resources are needed to meet the huge challenges facing the education system. Obviously everybody wants more resources, but do we need an Be on Call for Ireland part II for the education system?

School secretaries play a huge role in the education system but 90% of them are not recognised as public servants, which is incredible. I would like to hear the views of the witnesses on the call for more resources. We need a call to arms to make the education system functional and safe for everybody. We also need to put in the resources because, if not, the classroom will be unable to function.

Mr. Damian White: From the primary end, the Deputy is right that this episode has shown up some of the major fault lines that exist. Nobody could have expected that Covid would hit in the way that it did. When we closed on 12 March we expected it would be a two-week closure and that everything would return to normal but far from normal it has been. One is looking at how classrooms and schools will look in September and what needs to happen. Speakers have already outlined the amount of investment that needs to happen. There has to be a serious re-examination of what is needed and how much is needed. We call for a substantial investment. As Mr. Clerkin and Mr. Mongey outlined, there are resources that are basic to this particular issue and also resources that are basic to education going forward.

Looking at classrooms, at primary level, we do not know whether it will be 2 m. A distance of 1 m has been suggested for all students above second class. That is a huge issue because many classrooms, and certainly in small schools and country schools, are less than 50 sq. m so when one does the maths one soon realises that it will be very difficult to fit in people. Every school is working as resourcefully as humanly possible and people are putting a lot of thought into this matter. Through our own organisation we are trying to support them in every way that we can.

It is our sincere hope that we get back to school in September. I was in a school the other day where all of the furniture had been moved out to make every space available. Where isolation units are needed, the reality in some schools is that corridors are not 1 m wide and, therefore, a corner of a corridor or toilet area may be an isolation unit, or something that is probably not appropriate except in extreme emergencies. There are many issues. Investment is seriously needed but investment in people would be a start. Our schools would be well supported or certainly a lot better supported if we knew that we had extra personnel, that teaching principals had the flexibility that they need, and that they would not have teaching duties for the month of September, if possible.

Chairman: If Mr. White or any of the other witnesses wish to provide further answers to

Deputy Kenny, I ask that they do so in writing. I call Deputy Shanahan and he has five minutes.

Deputy Matt Shanahan: The schools are talking about implementing the infectious control protocols. Have any of the organisations present taken a head count of the teachers who may, potentially, have underlying health issues and thus excuse themselves from teaching duties, particularly in the case of a resurgence of Covid?

Mr. Alan Mongey: In terms of post-primary level, at this stage there has been no staff survey. The Department of Education and Skills should conduct a survey to ascertain the level and need in order to support teachers who may not be in a position to return to work.

Deputy Matt Shanahan: The evidence suggests that the risk of infection from children in primary schools is probably far less than in post-primary. Does that feed into staff planning? I suggest that it should.

Will the infectious control financial support that has been mentioned be managed by the school or is it a case that one logs on to the Department's dashboard to order whatever one wants?

Mr. Alan Mongey: I might pass the question to my colleague.

Mr. Paul Byrne: We would hope for a central process and that the application would be made to the Department for the hand sanitisation equipment, which would then be delivered to schools. We hope it would be a centralised system, bearing in mind that a lot of different hand sanitisation stations will be required. The recommendations suggest that we would have hand sanitisation stations at the entrance to each classroom. In the mornings, when there is a high volume of students, as in Mr. Mongey's example of 1,000 students going into a school, about ten to 12 hand sanitisation stations will probably be needed at each entrance into the school because it cannot be planned what time the buses will arrive. I know that in some rural schools, buses arrive as early as 8.15 a.m. because some buses do double runs. They do a post-primary school run first and then they do a primary school run. The other issue is that we will need to have a level of supervision in the mornings that we might not have had before, which will be an additional requirement on resources. We will have to create a new system for the students to enter the school in the morning. We will have to get them into a process whereby hand sanitisation becomes second nature to them as they come in. We hope the supply will be done centrally.

Deputy Matt Shanahan: I want to suggest to the schools that the issue of procurement should be handled by the schools themselves. There are many local companies adjacent to all of our schools that would be more than happy to provide contracts. I am aware of public sector procurement issues such as this in some of our residential settings where the costs being paid are far in excess of what can be dealt for locally. The procurement issue for schools would be far easier if goods were sourced locally.

On the issue of school transport, I know the Department is engaged to a degree with Bus Éireann, which handles most of the public service obligation contracts for school transport, aside from the special needs schools. Are any of the organisations represented today engaging with any of the transport companies to understand how they will meet their social distancing requirements and how they will continue to provide a service to schools?

Mr. Damian White: With respect, I disagree with the Deputy on the procurement issue because schools and school principals, particularly teaching principals, are inundated with work. They have a volume of work, even without this crisis, that is unacceptable in the modern age.

Any support we can get centrally would be welcome and necessary. That does not mean goods cannot be procured from local companies and that better local deals cannot be had. We should by all means go for that but we need to have support centrally.

As recently as yesterday, I was talking to a bus operator and we went through all of the issues that are concerning the bus companies. These issues include the number of people they can safely carry on buses; the number of schools they are servicing with one bus on one morning or evening; the significant cost of cleaning, which is not factored into what they are getting from the authorities that are handing out the contracts; the loading of buses on and off as there is talk about filling buses from the back-----

Chairman: I ask Mr. White and the other witnesses who have any further reply for Deputy Shanahan to provide that to him in writing.

Deputy Michael Collins: I have a number of questions and I would appreciate it if the witnesses could take them down because one question might fit into another in a response. I have been talking to school principals, parents associations and boards of management. As I am on a board of management, I know that boards are finding it difficult to get answers to many of the questions that are being asked. The witnesses may have been liaising with the Department to see if they can get answers on the capitation grant, especially for the rural schools, including those in west Cork. Will that grant be raised in some way going forward? Will there be a new specific cleaning grant? Some schools are only being cleaned twice or three times per week. In this situation it is serious because these schools will have to put forward further and stronger cleaning programmes. Obviously, the secretaries have always been the forgotten heroes in the school. What is the assistance in respect of secretaries? Will this change?

Childhood is short. Children only get one chance at an education. Students of primary and secondary education need to return to school in September. Blended learning is not an ideal situation. The suggestion of a two and a half day school week is simply unworkable for the majority of families. We need only look at what happened to our front-line workers. They had to use up their holidays and days off to take care of the people of Ireland. If both parents are front-line workers, then most of their holidays are gone. There were no crèches because of Covid-19 and no other family members were allowed to care for the children. No grandparents were allowed to care for the children because of Covid-19. We need to get our children back to school in the safest possible manner.

Has the Department liaised with school principals on plans for students sitting the junior and leaving certificate examinations in 2021? Almost certainly they will not get the same education as students who sat the exams in previous years or as students should get in normal years. They will be starting out at a disadvantage, especially by missing most of the second half of this year. Is there any plan in place for students? Can the school principals elaborate on this?

Has any plan been put in place for boarding schools? Is boarding still a service that can be offered? Have the relevant schools been given a roadmap for reopening? Are there different plans for boarding students? Some students board for five days and go home to their families at the weekend. Others board for seven nights and only go home for mid-term or during the school holidays.

As part of the junior certificate for 2021 students were supposed to complete their classroom based assessment for this year. However, because of Covid-19 they could not. Is some procedure being put in place for these students to complete their classroom based assessments?

They are not supposed to do these assessments at home or through distance or online learning. I would appreciate if school principals could answer some or all of these questions.

Chairman: If witnesses go over three minutes they should provide an additional responses in writing.

Mr. Alan Mongey: I will deal with the junior and leaving certificate quickly. The NCCA and the Department are in consultation at the moment in preparing advice to the working group on school return in respect of the implications of junior and leaving certificate students. We are asking for clarity to be brought sooner rather than later. We hope that would come before the end of the month or early August so that schools can plan as well as support and lessen the anxiety for junior and leaving certificate students. There will have to be amendments to curriculum or assessment for those students.

Deputy Collins asked about classroom based assessments. Amendments have been made. There is no longer a requirement for student to sit a CBA 1 and CBA 2 in subjects in the junior cycle. They now only have to complete one classroom based assessment. They can choose a CBA of their choice. Additional difficulties will present for assessment tasks that were traditionally linked to one particular CBA. Maybe that is a conversation for another day. Hopefully we will see the removal of assessment tasks within schools to lessen the burden on schools. I do not think these would be missed if they were taken away from the junior cycle.

There is an annual process under which we go to the Department looking for increased capitation grants. Certainly, this year more than any other year we will need increased capitation for cleaning and secretarial work. The school does not function unless it has a really good secretary and we all have really good secretaries. Any additional grants that can be supplied to schools would be greatly appreciated.

Chairman: Deputy O’Sullivan is speaking for ten minutes as there is no other Fianna Fáil speaker. Is that correct?

Deputy Christopher O’Sullivan: I will not take ten minutes but it is nice to have some relaxed time and not be under pressure from the clock. The reason I will not take the ten minutes is that I want to focus on one aspect. Many of the other aspects have already been covered. The aspect I am keen to focus on is the school transport scheme. The existing school transport scheme is not fit for purpose. Clearly this will be exacerbated by social distancing requirements. I will give the committee an example of what has been happening with the existing school transport scheme, even without the current restrictions. In my constituency of Cork South-West, most of the population of the Ballineen and Enniskean area attend secondary school in the nearby town of Bandon. Last year, 18 secondary school pupils were left without places on the school bus. It happened under the structures of the existing school transport scheme and was a disaster. The witnesses can imagine the concern among parents, guardians and the students themselves. Some really sad cases arose because of the situation. It led to a further issue that is not part of this committee’s remit, namely, traffic chaos in the town of Bandon owing to extra vehicles on the road because school transport could not cater for students.

I note that it has been relayed that, following a principal’s discussions with Bus Éireann, it is understood that more than double the current capacity would be required to adhere to social distancing. As the witnesses can see from my example, we are already running over capacity. This will be a major problem, and I would love to hear the witnesses’ thoughts on the matter. Will we see increased capacity? The report mentions at least double the capacity, but clearly

we need more than that. Each and every Deputy is receiving emails and calls from concerned guardians and parents about the future of school transport and whether their children will be accommodated. It was not only concessionary students who were left out last year. Even those who qualified for non-concessionary places were, too.

There is no need for me to speak further, as this is the element on which I want to focus. I thank the Chairman for his indulgence. I would like a detailed response as to whether the current capacity will be increased. There are many experienced heads in the committee room. Can they think of any potential solution that we could examine to address this issue?

Mr. Damian White: I thank the Deputy for his question. School transport is something that every school principal has a concern about. We all echo the Deputy's call for more places and his comments on the difficulties faced in getting pupils to school, for example, finding places on buses. This is an issue around the country where second level education is provided for pupils from small, outlying schools in their local reasonably sized towns.

The Deputy asked about doubling the transport capacity. I spoke to an operator yesterday. He simply told me that he did not know whether the "stuff" was there. He was talking about the buses to service that need. Operators also face the issue of ensuring there is proper social distancing on their buses. Many bus drivers who are on school runs are older people and it would be difficult for them to supervise and ensure that social distancing is observed on buses. This is particularly the case with young children, some of whom would be travelling on buses for the first time. One of the operators' suggested solutions is for there to be an escort on every bus to ensure proper social distancing. That would be helpful.

I hope that, by September, there will be greater clarity about how many children can travel. We need it as soon as possible. Everything depends on the spread of the virus, but if the current trajectory is maintained, we hope that there will be the capacity on buses for a greater number of students and that, where a need is identified in individual cases, extra school buses will be put on. It must happen. This is one of the costs that would be addressed by the substantial investment package that we mentioned, and we would strongly encourage it being done.

Deputy Christopher O'Sullivan: I appreciate the response and some of those words are encouraging. I am concerned that providers share concerns that the "stuff" is not there, or the buses simply are not there. That could prove to be a huge issue if we are looking at double the capacity. The idea of a bus escort is very welcome, but I reiterate that we need to plan for this now. If we stay on the current trajectory, the greater social distancing requirements may no longer be required and we may be able to accommodate more students but we have to keep the possibility of a second wave in the back of our minds. We need to plan for this and make sure we do not have a repeat of what happened in Ballineen and Enniskean in 2019 where so many children were left without places.

I will finish on something slightly unrelated to Covid. In the light of our climate action aims, targets and goals, this really is the route we need to go down with school transport. The more students we can provide for, the less traffic on our roads and the less risk of a repetition of the traffic congestion we saw last year in the town of Bandon.

Chairman: Deputy Colm Burke has ten minutes.

Deputy Colm Burke: I thank the witnesses for their presentations and thank all the teachers, both primary and secondary, for their contribution and hard work over the past three to four

months. It has been a very difficult time for everyone and particularly for teachers.

I want to touch on the issue of substitute cover raised by Mr. Clerkin. I presume there is a panel of people available at the present to provide substitute cover. If there is, what kind of numbers do we have on that? How many additional people do we need to place on that panel to cover for teachers who are out either through illness or family circumstances?

Mr. Páirc Clerkin: A pilot scheme has been in place over the past year to examine this issue. It was in place a number of years ago. One of the objectives is to try to retain our younger teachers in the country, especially those who might not have been able to secure a temporary position for the full year, or indeed a permanent position. If we are asking them to take up positions, especially in urban areas, we need to give them some form of security and one of the means of doing that is to place them on the panel and give them a temporary contract for the year. The scheme in place over the past year has worked very successfully and there has been no wastage associated with it. Conditions have moved on since it was last in place in that we now have systems such as *EducationPosts.ie* and Sub Seeker where ourselves and National Association of Principals and Deputy Principals, NAPD, are working together to ensure we have the technology to place every available teacher in an empty classroom. That is something we have worked on over the past two years. We are very confident we can ensure that every single teacher placed on a panel is placed in a school on a daily basis and that there is absolutely no wastage but it is a critical issue in terms of retention and encouraging teachers, especially younger teachers, to stay in Ireland rather than go abroad.

Deputy Colm Burke: What kind of expansion of that panel is Mr. Clerkin talking about? He said it is a pilot scheme. Is it in place for the entire country or only within certain areas?

Mr. Páirc Clerkin: It has been in place in six locations. We would like the scheme to be put in place nationally and that there would be-----

Deputy Colm Burke: Has there been engagement with the Department on this issue?

Mr. Páirc Clerkin: We have been promoting this and asking the Department for it for the past year. It has put the pilot scheme in place to examine how it can work and our understanding is that it has worked very well so we certainly would encourage the Department to put this in place on a national basis.

Deputy Colm Burke: What kind of numbers would we need for a permanent panel and how long would it take to put together?

Mr. Páirc Clerkin: There will always be daily places for substitute teachers in larger schools. In a district such as Dublin, there could certainly be capacity to put a panel in place in each of the postal districts. Through liaising with the teachers, the schools and the Department systems that can identify the number of absences over the past year, it would not be impossible to place an accurate number of teachers on each of those panels.

Deputy Colm Burke: The need for an audit of schools was referred to earlier, as there are accommodation issues many of them. I can think of schools in my own area that are looking for additional accommodation to be built, which have been waiting for quite some time, and other schools that are pencilled in to be totally replaced. Has an audit been commenced by the Department? What is the status of the accommodation requirements of schools starting from 1 September? What progress has been made on that issue?

Mr. Alan Mongey: I do not think any audit has been carried out to date but a lot of it is contingent on social distancing. It is very hard to complete an audit and get distinct data unless we know whether we are talking about 2 m or 1 m distancing or whether, if social distancing is not possible it is acceptable for students to be in a classroom of 28 or 29 students with the correct mitigation measures to inhibit the spread or stop Covid-19 coming into schools in place. Until there is a decision on those, carrying out the audit-----

Deputy Colm Burke: How long would it take to carry out an audit if, for argument's sake, a decision was taken on those matters in the morning?

Mr. Alan Mongey: It could be done very quickly by the Department through the ESInet system. Every school leader in the country has access to a centralised database. We regularly complete surveys for the Department of Education and Skills and they are returned immediately to the Department through the centralised administration system for all primary and post-primary schools.

Deputy Colm Burke: Have schools been encouraged by the Department to consider additional space as well as what they have on the school campus? Has there been engagement with school principals on this issue, where there are large or increasing numbers of students?

Mr. Alan Mongey: There has not been to date because, again, it is contingent on the public health advice. Once we have a clear understanding of what is required in schools we will be in a better position to indicate whether we need additional space.

Deputy Colm Burke: What is the feedback from the NAPD's members on this issue?

Mr. Alan Mongey: At post-primary level, it is certainly going to be challenging to implement 1 m and 2 m distancing in every school throughout the country. Every school has its own contextual factors and every school is different. Some schools have classrooms of between 30 sq. m and 47 sq. m. They vary and once we have clarity on what social distancing is acceptable and safe, we will have a better understanding of what we are capable of doing. Every school leader is actively working to ensure we get every student returned to school in a safe and secure environment, as long as we can put those mitigation measures in place.

Deputy Colm Burke: When would principals need a final decision to be taken on the 1 m or 2 m rule or other guidelines? What is the latest date they could get those guidelines? Obviously they would prefer to have them today or tomorrow but have the witnesses any idea about that? It cannot be left until the last week of August. Is there any indication from the Department yet on when there will be more definitive guidelines on this issue?

Mr. Paul Byrne: We are hoping to have guidelines from the Department as soon as possible. We need to begin this planning in the first week of August because to get any sort of system in place to do an audit of a school's capacity, we would have to look through what number of students can fit into each classroom. That might necessitate re-timetabling at times because the total number in a class might have to be matched with the largest classroom and certain classes in certain areas of the school would have to be prioritised. A significant volume of work needs to be done there and that takes time. The first week in August is the latest we could expect to get a good plan done.

Deputy Colm Burke: Schools that have children with special educational needs have additional challenges. Has the Department engaged on this issue? A number of schools in my area have accommodation issues and they also have a large number of pupils with these challenges.

What engagement has there been with the Department on this issue?

Mr. Paul Byrne: My understanding is the Department has engaged with all of the bodies that represent the various educational sectors, including the special educational needs sector. The special considerations and provisions that will be needed have been voiced very well to the Department by us and by various representative bodies.

Deputy Colm Burke: Does this include the possible need for additional staff to deal with this issue?

Mr. Paul Byrne: There is a possibility that we will need additional staff. The way we have been looking at it is that we will need resources in the four weeks leading up to the reopening of schools. Preparation will be key for the safe reopening of schools. Earlier, a Deputy asked about morale and building confidence. Communication will be very important. As we put systems and structures in place we need to communicate them to parents, teachers and students so they feel safe when they go back to school. The second part of this is that it will be an ongoing process. While we will have everything prepared for going back in late August and early September, there will be a need to reinforce the good practices that will be developed in the first week throughout the year during the course of this pandemic. Our big ask is that we are able to keep the virus out of schools. To do this we need to have parents and all of the various outside organisations working with us. It will be a team effort and I hope we will keep it out of the schools. The second part is that we will need to have systems in place to deal quickly with an outbreak of the virus in a school, including the follow-up response. If we move towards having blended learning for two weeks to get schools back up and running in the case of localised closures we will need a plan B, which will require an awful lot of time and a lot of resources.

Chairman: I ask Mr. Byrne to conclude and if he has any additional points he can put them in writing.

Deputy Kathleen Funchion: At this stage most questions have been asked and answered but I have a number of quick queries. I will probably not need the full ten minutes. School transport has been spoken about and I apologise if my question has already been answered. Every year we have an issue in the constituency of Carlow-Kilkenny with people not being able to get school transport. We also have an issue with the lack of secondary school places, particularly for boys in Kilkenny city. As a result, this year many parents did not secure a secondary school place in the city for their sons and must now try to get a school outside of the city. At this stage, some of the rural schools have also filled up. Given that people normally need to have their request for school transport in by the end of April, is it the understanding of the witnesses that this has been extended? Do they have any advice for parents in this situation who cannot access school places in the vicinity? As the witnesses know, these parents are also told that as they are sending their child to a school outside of the catchment area they do not automatically get the Bus Éireann transport, although they might be entitled to other private bus operators. Given that the timeframe has well lapsed at this stage, has it been extended or is there wriggle room for parents in this situation?

Mr. Damian White: I do not have direct information from Bus Éireann about it being extended but, like every other service and many other aspects, there has to be some latitude to make sure every child who needs it gets access to school transport. While we are at the primary end of things, it is of huge concern to us when people do not get second level places. We hear back from the families about it and about their concerns and worries for their children's future. While I cannot address the second level issue, I agree with Deputy Funchion that more places

may be needed in certain areas to cater for the demands of pupils. Kilkenny is one such area. In my area of Tullamore it was an issue in recent years as well.

I hope there is the latitude in school transport to make sure that every child and the application of every child are dealt with appropriately because there is still so much uncertainty at the moment as to what is available and what can possibly happen to school transport. People may have held back in applying. They may have health fears about overcrowded buses and so on. I myself am a parent. These things are real for all families who have to make decisions in this area. We hope there is that latitude within the school transport section to allow for later applications if necessary.

Deputy Kathleen Funchion: I make this point to the secondary school representatives. If they are, as I assume, to do a deal with the Kilkenny region, I ask them to bear that in mind. I raised with the Minister a number of weeks ago in the Dáil specific cases of kids who cannot get into secondary school. It seems to be a major issue for boys looking for secondary school places in the city. One of the things I asked was what we can do to try to help and facilitate that. I think we have a need for another secondary school layer, but if there is anything the witnesses can do or raise with or suggest to me about this - I do not mean right now but even afterwards - I would appreciate it. Every year we have the same stress and worry. I have such sympathy because my own son started secondary school last year and I know how big a step it is even when children know everything that is in front of them, when they know their school and their friends and how they will get there and what books they need. However, it is now 7 July, and I know a number of families with no school places for their children, not only in the city but also, they are now being told, ten miles outside the city. Those schools are full too. It is a general issue in secondary schools. I ask the witnesses to bear it in mind.

I acknowledge the excellent work special needs assistants do with kids. They often build such good one-on-one relationships with kids. So many of them, however, are very concerned about returning. Is there a plan for PPE for them or is that a plan for all teachers? I know that the witnesses are not representing the Department but I ask them to ensure they consult with the special needs assistants in any decisions they make. Are they aware of any particular plans for PPE for special needs assistants, will that be for all teachers, or are they looking only at hand sanitising?

Again, I apologise if some of this has been covered.

Mr. Alan Mongey: At post-primary level, when we speak about the staff in the school we speak about all staff: teachers, SNAs, cleaners and caretakers. Whatever has to be put in place for one staff member needs to be put in place for all staff members. The resources, assistance, help and mitigation measures we put in place are applicable to every single staff member within a school. If it is not safe or practical for any member of staff to carry out his or her duties unless particular supports or mitigation measures are put in place; we cannot do it. We need to look at everything possible to facilitate that to happen. We consult with all staff members, likewise, I am sure, at primary level.

Deputy Kathleen Funchion: My final point concerns the reality of kids going back to school at both primary and secondary level. It will be a big step for them. They have been out of school for quite a long time. I have concerns about children who may have been struggling a little and who are getting resource hours. They may not have any official diagnosis of additional need but they were benefiting from resource hours. Have the witnesses plans in place or have they made any recommendations to the Department on children who fall into this

category getting extra help? I know everybody says, “Oh, well, everyone will catch up and get there eventually”, but I am concerned particularly about the category or age group of children starting to learn how to read and those few months. There was home schooling and so on but it was difficult for many children and I am concerned for many of them. I hope they do not go into next year’s curriculum in September having missed out. Even the routine of it, getting up early and out the door and everything in the morning, is an issue.

Mr. Páirc Clerkin: I thank the Deputy. That will certainly be a focus for us in our primary schools. When we get children back in classrooms in late August and early September, we want to ensure we can put all of the supports that are required in place in the classrooms. One of the issues on which we have asked for more discussion to ensure that it is implemented successfully is around support for our more vulnerable children and children with additional needs. We are developing plans ourselves to ensure that in-class support can continue and can be developed and implemented successfully to give maximum support to the children who will need that additional support. That will be a focus of our work over the coming weeks. I expect in most situations that it will be in-class support. It will be about minimising the opportunity for any cross-contamination or any virus entering schools. We will minimise the number of classrooms that any teacher will work in but that works very successfully in schools and has worked. Such in-class support has been promoted over the past number of years.

I would like to comment on the Deputy’s point about SNAs. They are a crucial support in schools and to our children with special educational needs and we must ensure that they have that support on a daily basis. I just want to re-emphasise the importance of having the availability of substitute SNAs, which are a vital support to us. One of the barriers we face is the vetting issue. This issue needs to be sorted, probably through legislation. We need, as is the case with teachers, a centralized vetting service through the Teaching Council. We need a centralized vetting service for our SNAs so that they can be made available to schools that may require them at short notice. That is a barrier our schools are facing a moment and one which we need to address.

Chairman: I thank Mr. Clerkin for coming in. In his opening presentation, he referred to the need to balance the safety of those who work in the school environment and the right to education of children. Does he think that balance has been properly struck up to now in this debate in considering the issue of reopening schools?

Mr. Páirc Clerkin: To date, there has been great community support and great community work has gone on around education and provision of education since March. Everybody has worked together to try to ensure we can put the best provision in place and to support those who are teaching our students online and who are trying to engage with children to keep them in contact with the school system. We need to ensure that people continue to support each other and that they continue to work together. The crucial issue in this regard will be good communication and good and robust training and that the Department would put that in place for everyone in the school community so that everyone understands what we need to do. We need to ensure that we all work together and-----

Chairman: I get all of that but there have been many studies. McKinsey released a report, which referred to the capacity this had to widen achievement gaps in the United States in particular. There was a real risk of immigrant communities, vulnerable communities and Hispanic and black communities falling further behind in achievement in the US. We have immigrant communities, new Irish communities and, in the past couple of decades, children coming to school unable to speak English and being at a disadvantage because of that, as well as being at

a cultural disadvantage because they come from a very different background and grow up in a very different environment until they go to school. Are their particular needs being sufficiently taken into account? Children from the Traveller community who encounter particular deprivation at home - I do not wish to generalise - in many instances might not enjoy the same supports at home for learning as might other children. On the right to education, we have heard a lot about the necessity for people to be safe, which I accept and the Government must do everything possible to ensure the greatest degree of safety. I will come to special needs assistants, SNAs, in particular, in a second. However, I have heard very little regard for the right to education; that these are Irish citizen children. Moreover, the many children in Ireland who are not citizens but who are in our school system still have a right to education and that right has to be vindicated by the State if it is to have any regard to the idea of cherishing all the children of the nation equally. Their rights and their requirements are very much being put in the second place to the right to bodily integrity and the right to health. There is a sort of a hierarchy of rights going on and children's needs are very much being put in a second place up to now in the whole debate.

Mr. Páirc Clerkin: Certainly, our organisation would always argue and advocate for the more vulnerable children and those who need the extra supports to ensure that we can ensure that they are looked after through our school system. Certainly, they would be a priority for all schools, for all school leaders and for our teachers now as we return and reopen our schools. We want to see that the resources are in place to ensure that we can plan for all of those challenges into the future and that we can implement those plans. We want the resourcing that will be required to be there to ensure we can do that. We acknowledge there is a challenge there. This was a focus for our schools and comprised a lot of the unheard work the schoolteachers were doing, whereby they kept in contact with those vulnerable children to keep them engaged with the school system to the very best of their ability. That is work we will have to prioritise when we go back in September. It is one of the challenges we face. One will find that every school leader and teacher will be most focused on ensuring that this happens successfully. We need the supports, however, and some of the flexibility I pointed out earlier on, to ensure that we can do so successfully.

Chairman: The American Academy of Paediatrics recently produced a report, stating:

This, in turn, places children and adolescents at considerable risk of morbidity and, in some cases, mortality. Beyond the educational impact and social impact of school closures, there has been substantial impact on food security and physical activity for children and families.

That is a report based on the American experience. Is that mirrored by the Irish experience?

Mr. Páirc Clerkin: One goes to the very basics. We fought hard to ensure that children would continue to be fed through the school meals provision programme. As an organisation, we took a leading role in ensuring that it would continue. We commend the fact that that will be made available during the summer period. All those background services supporting schoolchildren require ever more investment. They require the resources to ensure that we can do what we need to do to support those children. The one thing that can level the playing field for everyone is education and we must ensure that we give every opportunity to each child to achieve through the education system.

Chairman: Turning to children with special education needs, one of the main steps that is taken by the State to provide for their needs is the provision of special needs assistants. The

State has struggled historically to provide sufficient SNAs and to sufficiently incentivise people to become SNAs. Notwithstanding the fact that we are facing a return to school now, they will not be able to distance from the children with whom they work in any way because of the special needs of those children. Nevertheless, and correct me if I am wrong, no guidelines have yet been prepared specifically for SNAs. Is Mr. Clerkin concerned about the numbers of SNAs that will be provided, the numbers that will be necessary and the protections in terms of both guidelines and the provision of personal protection equipment, PPE, etc. for those SNAs? Has that been adequately thought out and planned for up to now?

Mr. Páirc Clerkin: It is an issue that needs further work and further clarity and guidelines from the HSE and medical individuals regarding how we manage this. There is some anxiety to ensure it is managed effectively. One thing we want to ensure is that there are no barriers, so that when it comes to the procurement of required equipment, it will be made available to schools and there will not be any funding barriers facing schools trying to put that in place. That is why they need grants and money upfront to ensure they can pay for such equipment. We will work closely on that issue with all the stakeholders to ensure the best provision and the best and safest plans are put in place to support our SNAs, who are a crucial support in our classrooms.

Chairman: It has been a while since I went to primary school. I was an only child, so I learned to socialise there. Patterns have changed considerably since Mr. Clerkin or I was in primary school. Children are typically dropped off earlier and stay much later in primary schools in after-hours homework clubs, etc., because of changing work patterns in society. What is going to happen with early drop-offs, homework clubs, etc.?

Mr. Páirc Clerkin: From an operational point of view, we will have to put in place plans and we will need the buy-in of the whole school community. It will be important that school leaders, staff, parents and, of course, the board of management work closely together because at the end of the day the board of management has to sign off on all these plans.

We mentioned staggered openings. We need to ensure that we minimise the number of people dropping off their children at any one time. These are, however, situations that have been managed successfully. It will have been noted in recent years that it has been unusual for a school to be closed for things like snow days and so on. We have different plans and operational procedures in place to try to ensure safe access to, and safe collection from, school.

Turning to other services, such as breakfast clubs, it will be important that we will be able to put those in place for children. We will certainly put our focus on designing plans that will make it possible for schools to implement safe and orderly access, drop-off and collection from school during this period.

Chairman: That is fine, but is Mr. Clerkin confident that breakfast clubs, homework clubs, etc., will be able to continue in September?

Mr. Páirc Clerkin: It will be crucially important that we can make provision for facilities such as breakfast clubs for children. It is an important facility for them, so we will have to look at how we can put a plan in place to make that happen for them.

Chairman: Is Mr. Clerkin confident that he will be able to? I do not wish to land all the responsibility for that matter on him. This is a much broader issue, but is he confident that it will-----

Mr. Páirc Clerkin: I am confident that all the stakeholders - the management bodies, ourselves and the INTO - will work together to try to ensure that all of these facilities and provisions are in place for our children and that we can get the maximum number of children back to school in September and support our parents. What is really important to us is to ensure everybody has confidence in what we are doing. That is why we all need to work together to ensure we have a comprehensive and robust plan for how we do this. I am confident that everybody is going to put every ounce of energy into ensuring this happens.

Chairman: What is the role of the Department of Education and Skills?

Mr. Páirc Clerkin: The Department is going to have to come in behind us and ensure we have the facilities, resources and flexibility required to ensure all of this can happen successfully.

Chairman: Is it coming in behind the IPPN now on these issues of drop-off, homework clubs, etc.?

Mr. Páirc Clerkin: The issue of homework clubs has not been specifically discussed with the Department at this stage. These meetings are ongoing, and a meeting is happening as we speak. The Department has committed to provide the extra resources that will be required. It is negotiating with the Department of Public Expenditure and Reform concerning those issues and we expect that the full system will come in behind the school system to ensure we have the required resources, because our society depends on it.

Chairman: It is four months now since the schools closed and they will reopen in six weeks. Time is ticking. This is not a criticism of Mr. Clerkin, because it is not the IPPN's sole responsibility in any way. Many parents, however, are worried about what the situation will be like at the end of August when their children return to school and whether they will then be able to return to the workforce. I am not saying it is for schools to adapt to the workplace but there will have to be a lot of adaptation. I thank Mr. Clerkin and all of our witnesses for coming in and for their time in answering all our questions. I also thank my committee colleagues and now adjourn the meeting until either Thursday or Friday morning, depending on the availability of witnesses to come in a day earlier than anticipated.

The committee adjourned at 1.30 p.m. until 9.30 a.m. on Friday, 10 July 2020.