



Pre-Budget Submission 2009

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1 INTRODUCTION

In producing our Pre-Budget Submission for 2009, the INOU was very conscious of the dramatically changed economic circumstances since this time last year and the challenges this presents for organisations working on issues of social and economic exclusion. Should the INOU as an organisation seeking redress to issues of disadvantage and poverty take a realistic approach to the forthcoming budget? Or should we pursue our aims and objectives and continue to represent our constituency to the best of our abilities? In effect we need to do both: in their 2006 Strategy the NESC noted the importance of *"recognising that social policy is not simply an exercise in redistributing a surplus, there to be creamed off after successful economic performance. The composition and manner of social spending are as significant as its level."* (p.xv) An important development in 'Towards 2016' saw an equal weight been given to economic and social policies. To that end it is vital that investment in Ireland's future is not just seen in terms of physical infrastructure but also in terms of human capital and social investment.

The increase in the Live Register over the past year and particularly since the beginning of this year has been very significant. Over the past number of years this figure was relatively static, generally hovering between 150,000 and 160,000. However, the number of people currently signing on the Live Register is 247,000 (August 2008) or 235,100 when the figure is seasonally adjusted. There were 73,200 more people signing on in August 2008 than in August 2007 – a 45% increase year-on-year.

The number of people losing their jobs through redundancy has also dramatically increased and is heading towards an unprecedented level this year. Currently, redundancies are running at over 670 a week.

While according to the latest Quarterly National Household Survey (Quarter 2, Mar-May 2008) 115,500 people were unemployed equating to an unemployment rate of 5.2%. However, the Live Register has continued to increase and the Standardised Unemployment Rate now stands at 6.1%, the highest since December 1998.

There is no doubt that the country now faces very considerable challenges. These include:

- ▼ How do we re-skill and upskill people who have lost their jobs in a rapidly changing labour market?
- ▼ How do we persuade a critical mass of employers, employees and potential employees of the need to pursue lifelong learning?
- ▼ How do we ensure that people who are long-term unemployed will have access to work or quality education and training options?
- ▼ How do we ensure that poverty levels do not rise and present increasing challenges of social and economic exclusion?

Innovative and creative approaches are required to ensure that those currently unemployed and others facing the prospect of unemployment are given long-term sustainable options. It is vital that emigration does not become, yet again, the Irish solution to Irish problems. We must draw on our recent experiences of achievement and success, retaining the belief that we can effectively tackle rising unemployment.

The INOU believes it is very important that Ireland responds as quickly as possible to these changes. In order to do this, it is crucial that all the relevant actors work together to maximise the resources available and secure the best outcomes. The Departments of Social and Family Affairs; Enterprise, Trade and Employment; Education and Science and their agencies have a key leading role to play: particularly in the area of activation and lifelong learning.

It is imperative that the commitments outlined in Part III of 'Towards 2016' addressing social and economic exclusion are not diluted and that social issues are given equal weighting to economic issues. The Minister for Finance must take the opportunity in Budget 2009, to continue to address social exclusion and to support those who are most distant from the labour market.

2 INCOME ADEQUACY

Significant progress has been made in recent years to improve social welfare rates: the achievement of the "NAPS target of €150 per week in 2002 terms for lowest social welfare rates" ⁱ was an important development. However, current social welfare rates will not lift people out of poverty and this is particularly true given the inflationary increases in basic items like bread and cereals (10.1%); milk, cheese and eggs (18.3%); oils and fats (16.4%); rents and other housing costs (13.3%); and electricity, gas and other fuels (14.2%) ⁱⁱ. The INOU welcomes the Minister's statement that "her priority is to ensure that those who most need help with rising energy costs get that support from the government."

Given the policy links at national level between "Towards 2016", the National Development Plan and the National Action Plan for Social Inclusion, it is worth remembering that the Government's overall goal within the NAPS is to eliminate consistent poverty by 2016.

The INOU is calling on the Department of Social and Family Affairs to:

- ✓ Increase the basic social welfare rate by €15 to €212.80;
- ✓ Increase the Qualified Adult Allowance to 100% of the basic rate i.e. to €212.80;
- ✓ Increase the Qualified Child Allowance by €2.50 to €26.50;
- ✓ Ensure that everyone who is solely dependent on a social welfare payment should be automatically entitled to a medical card.
- ✓ Given rising energy costs, to increase the Fuel Allowance to €22.
- ✓ Increase the Back to School Clothing & Footwear Allowance to €215 for children aged 2-11; and to €330 for children aged 12-22.
- ✓ The income limits for accessing the BTSCFA should also be increased and particularly for One Parent Families.
- ✓ In the interests of social and economic inclusion to put in place adequate measures to ensure that people who become unemployed have their claims processed and paid as quickly as is possible.

3 WELFARE TO WORK

In the recent past significant progress has been made to address the barriers facing social welfare recipients in moving from welfare to work. However, some anomalies continue to exist. For example, the impact on the Back to School Clothing and Footwear Allowance on One Parent Families participating on a Community Employment Programme, as the old €317.43 limit still applies. The income limits for a medical card are particularly low and should be significantly raised.

A major factor for some welfare recipients in making the move from welfare to work is the concern that if the job does not work out, or in the current climate it disappears, will they be able to re-access their welfare payment? To address this concern and to ensure that in particular long-term welfare recipients or those who face the possibility of discrimination in the labour market e.g. disabled people, the system should strive to be as seamless as possible. The INOU strongly believes such a development would support people to make the transition from welfare to work more readily and would support the move towards increased socio-economic participation.

There are considerable costs associated with going to work including childcare, transport and for disabled people, higher costs of participation. The roll out of the Community Childcare Subvention Scheme (CCSS) is of particular concern. While the INOU welcomes the focus on welfare recipients and the impact this may have on their participation in education and training courses of childcare, the organisation fears that the structure of the CCSS will act as a barrier

ⁱ "Towards 2016" Section 31.2.3, page 52

ⁱⁱ Consumer Price Index, August 2008, CSO

to progression. To support the activation of lone and other parents it is important that access to affordable quality childcare is urgently addressed.

Schemes like the Back to Work Allowance (BTWA) and BTW Enterprise Allowance (BTWEA) have played an important role in supporting welfare recipients back into employment. The INOU believes that the time frame for accessing these schemes should be reduced to one year to ensure that the current rise in unemployment does not feed into a rise in long-term unemployment.

In-work poverty is an issue that has emerged in recent years. The EU Survey on Income and Living Conditions 2006 noted that 6.5% of those 'at work' were at risk of poverty. It is important to address this issue and to this end the INOU believes that improved access to Family Income Supplement (FIS) must be achieved.

The INOU is calling on the Department of Social and Family Affairs to:

- ✓ Review and address all anomalies in the system to ensure improved consistency across schemes with regard to eligibility and the potential impact on secondary benefits. All such changes made should be upwards.
- ✓ Reduce the eligibility criteria for Back to Work Allowance (BTWA) and Back to Work Enterprise Allowance (BTWEA) to twelve months.
- ✓ Enable participants on the Back to Work Enterprise Allowance to apply for Family Income Supplement (FIS).
- ✓ Address 'in-work' poverty, by raising the income limits for FIS by a further €20 per child.
- ✓ Ensure that accessing FIS is automated through a flagging mechanism within the tax/welfare systems, similar to that used for new Child Benefit claims.
- ✓ Increase the daily income disregard to €25 or three hours work at the minimum wage rate.
- ✓ Reduce the deduction (of net wages) from the welfare payment from 60% to 45% where a claimant has child dependents.

The INOU is calling on the Department of Justice, Equality and Law Reform, and the Office of the Minister of Children to:

- ✓ Review the implementation of the Community Childcare Subvention Scheme (CCSS) and address the welfare to work issues arising;
- ✓ Promote the realisation of a truly accessible and affordable childcare system.

The INOU is calling on the Department of Health and Children to:

- ✓ Increase the income threshold for accessing a medical card to meet the National Minimum Wage level or a total of €18,300 i.e. strive to keep it consistent with the tax system specifically where low paid workers start to pay tax. In the interest of system consistency, such a development would ensure that the income limit would increase alongside the single tax credit.

4 ASSESSING EMPLOYMENT

Even during the Celtic Tiger there were people who found it very difficult to access employment: the Census 2006 noted that in 62 Electoral Districts the average unemployment rate was three times that of the national average. While within this statistic 35 of these areas were in the cities of Dublin, Cork, Limerick and Waterford. Over the past year the Live Register in these areas has increased by 33%-43%.

To address the greater prevalence of unemployment amongst disadvantaged communities and groups an integrated and focused approach to addressing the underlying issues must be undertaken. Firstly, work underway on activation – either through the National Employment Action Plan or Department of Social and Family Affairs' Active Case Management initiative – needs to be linked into progression paths that lead people on into better paid and more sustainable employment. Secondly, on the demand side of the labour market, the implementation of activation measures ensuring that people who are 'activated' will actually have a job to progress into clearly demands a significant amount of work to be undertaken with employers.

Active labour market programmes have played an important role in addressing some of these issues particularly in opening up employment opportunities, invariably in the Community and Voluntary Sector, to people who are distant from the labour market including long-term unemployed people, disabled people and lone parents.

The INOU is calling on the Department of Enterprise, Trade and Employment to:

- ✓ Increase the available number of places on Active Labour Market Programmes including Community Employment. Given that there are 32,700 people who are currently long-term unemployed (the highest figure since Q4 1999) the INOU believes that either recruitment to the Jobs Initiative should be re-introduced or an alternative full-time option be created;
- ✓ Provide the resources to create alternative employment identified through ALMP engagement; and,
- ✓ 'Actively' encourage an increasing number of employers to employ people distant from the labour market. Such a development could be introduced under the umbrella of Corporate Social Responsibility.

To address the unemployment situation that is emerging with the continued slowing down of the economy the INOU believes the Department and FÁS need to ensure there is:

- ✓ Greater practical application of existing and developing services in matching skills to jobs to ensure that unemployed people have opportunities to apply for jobs especially in sectors with vacancies;
- ✓ An early warning system for redundancy situations. This longer lead-in time would then be used to attract alternative investment and re-skill those who are losing their jobs. Enhanced inter-agency co-operation to provide replacement jobs would add value to this development;
- ✓ An increased focus on creating jobs in areas with high potential including agri-tourism and environmental projects and to explore how these might be incentivised;
- ✓ Greater levels of investment in Research and Development, ensuring that they match European levels.

The INOU is calling on the Department of Social and Family Affairs to:

- ✓ Ensure that their increased activation role is centred on the needs of the individual client and is informed by the principle of choice. The provision of good information that seeks to develop new opportunities for the client while bearing in mind the current labour market realities and the impact of more limited options on actual activation.

5 LIFE LONG LEARNING



The links between educational status and employment status are well established. To address this issue requires work on a number of fronts. Firstly, building on activation policies and the potential of the National Qualification Framework, a considerable body of work is required to ensure that unemployed people and others distant from the labour market gain access to good quality education and training opportunities.

Secondly, access to lifelong learning increases significantly the higher one's existing educational standard is. To address the poverty and socio-economic inclusion issues associated with lower paid employment, increased access to life long learning (LLL) must be created. This will require a tri-partite approach between Government, employers and employees / potential employees to address the current low levels of engagement.

This leads into the third point with regard to young people and early school leaving (ESL). Over the past year there has been a 54% increase in the number of people under 25 signing on. While according to the Quarterly National Household Survey Q2 2008 the unemployment rate amongst the 15-19 year olds is 15.2% and the 20-24 year olds 9.3% (in comparison to an overall rate of 5.2%). ESL needs to be addressed in a way that is meaningful to the young people involved. Alternative approaches that link the worlds of work, education and training need to be developed so that the constructive outcomes to such engagement are evident.

The INOU is calling on the Departments of Enterprise, Trade and Employment, and of Education and Science to:

- ✓ Ensure that the drive for a knowledge based economy does not exacerbate socio-economic exclusion. Hence good progression routes into higher end education and training options from activation policies and other targeted responses must be built;
- ✓ Develop a range of supportive measures that encourage as great a number of employers as possible to support their employees' lifelong learning participation.
- ✓ The on-going development of Information and Communications Technology and physical infrastructure. This is particularly important as ICT has the potential to create additional access points for people who for reasons of transport; family commitments; and/or disability find traditional access points to education and training inaccessible.