



Irish National Organisation of the Unemployed

Key INOU Priorities for the mini-budget:

Income Adequacy

- No reduction in unemployment payments.
- No further cuts by stealth to social welfare payments.
- No further detrimental changes in the eligibility criteria and duration of payment of Jobseekers Benefit.
- Set targets for maximum times for processing claims for Jobseeker Benefit and Jobseekers Allowance.

Labour Market

- As a matter of urgency hold the proposed Jobs and Skills Summit.
- Innovative thinking on the continuum of job maintenance; job creation; education and training.
- Significantly improved integration between the Department of Social and Family Affairs, FÁS and the Local Employment Service in the development and delivery of benefits and employment supports and services.
- Maintain the focus on addressing disadvantage within CE.
- Introduce sophisticated profiling of unemployed people to ensure that those who have a greater probability of becoming long-term unemployed receive intensive interventions at an earlier stage.
- Provide supports to facilitate people to stay in their jobs: 'Earn and Learn'.
- Reduce the eligibility criteria for schemes like the Back to Work Allowance; Back to Work Enterprise Allowance; the Part-time Job Incentive Scheme; and Revenue Job Assist to 6 months.

Education and Training

- Significantly improved integration between the Departments of Education and Science, Social and Family Affairs and Enterprise, Trade and Employment to match up the labour force and employment opportunities.
- The immediate production of the implementation plan for the National Skills Strategy.
- The delivery of a more enhanced employment service that has the capacity to identify people's current skill set, potential gaps and how these can be best addressed.
- Guaranteed employment related training/education place for every young unemployed person aged 21 or under.
- A systematic review of the current use of educational/training facilities with a view to identifying how greater use can be made of these facilities.

Time To Address Unemployment

1. Introduction

Given the scale of the unemployment problem facing Ireland it is vital that addressing unemployment is now treated with the same degree of urgency as that given to addressing the financial crisis – both banking and public. Unemployment has both an economic and social cost – costs that are borne by the country, the community, and in particular unemployed people themselves and their families. It is crucial that the State plays its part in supporting unemployed people to address the issues facing them particularly the loss of income and securing future employment.

In its recent report NESC¹ noted that the “*current national crisis has five closely-related parts: banking, fiscal, economic, social and reputational. It is important to understand what has happened in each area and why it has happened so quickly. The crisis poses profound challenges to many existing theories and models, at both the national and international level.*” (p xi)

In addressing the growing gap between tax revenue and public expenditure it is important that a more sustainable tax base is created. In particular there is a need to address the over reliance on expenditure and transaction taxes that have contributed to the current fiscal crisis. The INOU believes it is important that tax changes in April’s mini-budget do not penalise and/or discourage job creation and job maintenance. Ireland may not be in a position to introduce a stimulus package however it is extremely important that the actions we take now do not further depress our economy.

The INOU fully supports the approach sought by NESC that “*Ireland needs to formulate an integrated national response to the current crisis that is widely understood, can command support and, most importantly, engage the ability and energy of the Irish people.*” (p xi)

2. Income Adequacy

It is imperative that social welfare payments are not cut in this budget for the following reasons:

- Unemployed people are at considerably higher risk of poverty when compared to others in Irish society. In 2007 the at-risk-of-poverty rate was 38.7% for unemployed people in comparison to 16.5% overall; while the consistent poverty rate was 17.5% for unemployed people in comparison to 5.1% overall. Recent improvements in social welfare rates have contributed to reducing poverty rates and these gains must be maintained.
- Maintaining unemployed people’s spending power is important. Evidence shows that people on low incomes spend their money locally, supporting local economies often in the most disadvantaged areas. And though the Consumer Price Index may be down 1.7% overall: food costs are up marginally; education inflation is 5.5%; the cost of electricity increased by 16.8% and the cost of gas by 20.1%; bus fares are up 13%; and the category miscellaneous goods and services is up 8.3%.

¹ “Ireland’s Five-Part Crisis: An Integrated National Response” Nesc report No. 118, March 2009



The INOU is also calling for:

- No further detrimental changes in the eligibility criteria and duration of payment of Jobseekers Benefit.
- No further cuts by stealth. For example, in Budget 2009 the additional contribution to Rent Supplement introduced effectively negated the increase in the social welfare payment.
- The Government to be mindful of the level and extent of personal debt in the current unemployment crisis. The State must ensure that people are not driven further into spiralling debt and forced into becoming homeless. The costs of addressing this issue after the fact would be considerably higher, and far outweigh the costs involved in tackling the issue before the problem develops.
- The DSFA to set targets for maximum times for processing claims with a view to significantly reducing the average waiting times for both JB and JA payments. Issues around accessing a payment continue to arise at local level. The INOU welcomes the additional resources the Department of Social and Family Affairs have put into this issue however it is clear that further urgent work is required.

Improving Public Services:

- Another challenge facing the Irish social welfare system is its growing incompatibility with an increasingly flexible and atypical labour market. This time of crisis presents an opportunity to address this issue not only from an equality and modernisation perspective but also from the perspective of job maintenance through a combination of social welfare and employment income.

3. Labour Market

Given the unemployment crisis facing the country it is vital that a partnership approach to addressing this issue is put into effect now. As NESC noted "*The high degree of uncertainty—particularly about the impact of conventional policy measures—provides further reasons for constructive, collective discussion of the problems and their solution. Countries capable of conducting such a dialogue and implementing a coherent and agreed response quickly are likely to come through current difficulties better than those which do not.*" (NESC No 118 p xi)

To develop an integrated response demands that all the relevant players are working together to hammer out potential solutions at both local and national levels. The 'Smart Economy' document provides a potentially longer term strategy. In the meantime, we urgently need a short-term plan which outlines how we are going to get from where we are now to where we would like to be in the future. It is time for innovative thinking on the continuum of job maintenance; job creation; education and training.



In light of this the INOU is calling for the High Level Group on the Labour Market to be re-convened as a matter of urgency. Also we are calling on the Government to organise as soon as possible the "Jobs and Skills Summit" proposed in the document 'A Framework for a Pact for Stabilisation, Social Solidarity and Economic Renewal'.

In its recent report on Activation in Ireland the OECD noted that "*Activation measures for the unemployed should be greatly intensified. Experience from other countries suggests that a refocusing of existing resources could allow a marked increase in the frequency of face-to-face contacts with the unemployed. More complete implementation, which would also involve the development of some other types of intervention, would require an increase in total PES resources, particularly given the downturn.*" (p137)

The INOU is calling for:

- Greatly improved and pro-active employment and related services. Such a development is even more important in an economic downturn to ensure that public resources are used as effectively as possible and that people are matched up with the right employment, education and training option for them.
- Significantly improved integration between DSFA, FÁS and the LES in the development and delivery of benefits and employment supports services.

Active Labour Market Programmes:

- Active labour market programmes like Community Employment have provided and continue to provide an important access point to the labour market for those who are distant from it including the long-term unemployed, disabled people and lone-parents. In the current climate there is a danger that those who are more vulnerable to socio-economic exclusion will find themselves further marginalised. Maintaining the focus on addressing disadvantage within CE is critical in this regard.
- The ESRI are working on the development of a profiling system of unemployed people to ensure that those who have a greater probability of becoming long-term unemployed receive intensive interventions at an earlier stage. The INOU believes that the introduction of a sophisticated system could act as an important tool in challenging economic exclusion.
- For newly unemployed people different active labour market programmes are required. If Ireland is to realise its vision within the 'Smart Economy' document new measures that support 'Earn and Learn' approaches are required. Such an approach would see individuals supported to remain in their jobs on a part-time basis while developing their skills in the remainder of their working week. This development would feed into a three pronged approach to lifelong learning between the individual, the employer and the state.

Supporting Employment including self-employment:

- A number of schemes exist which aim to support people to move from a welfare payment into work. Urgent changes are required to these schemes in order to maximise opportunities for people to return to work or take up self employment opportunities. For example, the eligibility criteria for schemes like the Back to Work Allowance; the Part-time Job Incentive Scheme; and Revenue Job Assist should be reduced to 6 months. Improving access to these schemes would facilitate the calls for reduction in employers' PRSI contributions.
- In an economic downturn self-employment as a response to one's unemployment becomes a less attractive option for many people. However, people who wish to put their talents and experience to good use are identifying potential self-employment opportunities for themselves. It is vital that the State responds positively to such initiatives. The INOU is calling on the Government to reduce the qualifying period for the Back to Work Enterprise Allowance to 6 months. The National Employment Action Plan process is now scheduled to commence at 3 months: the time between this process commencing and an applicant's eligibility for BTW Enterprise Allowance kicking in should be used to support the individual to undertake a business appraisal and any necessary training.
- The INOU is also calling for consideration to be given to supporting current recipients of the Back to Work Enterprise Allowance for a further period where the business is struggling. In all probability it would be more cost effective to support the recipient for an additional year rather than see them return to the Live Register.

4. Education and Training

- There are clear links between educational attainment and employment status. The Expert Working Group on Future Skills Needs highlighted the challenges facing Ireland in matching up Ireland's labour force and potential employment into the future. The economic downturn impacts further on this challenge. At a time of decreasing resources it is imperative that education and training opportunities are linked to a broader vision for economic and social development.
- There are two distinct re-training and up-skilling issues facing policy makers and practitioners at present. Firstly, there is the challenge of bringing people with low levels of formal education up to a level whereby they can compete in a 'smart economy' for a decent job. In many cases people in this group are early school leavers, who in more recent years found employment in the construction industry. Construction employment is unlikely to return to the extraordinary levels seen at the end of 2006, beginning of 2007 (when construction employed 0.29m people) and this poses serious questions about future employment opportunities for these young people. Secondly, there is the challenge of supporting people who already have a high level of qualifications but whose existing skills mix does not fit easily with potential employment. A more sophisticated employment service is required that has the capacity to identify people's current skill set and potential gaps and how these can be best addressed.



The INOU is calling for:

- The Departments of Education and Science, Social and Family Affairs and Enterprise, Trade and Employment and their related agencies to work more effectively together to match up unemployed people with the most appropriate education, training and employment opportunities.
- The immediate production of the Implementation Plan for the National Skills Strategy. It is of vital importance that the current policy focus on up-skilling and re-training is clearly part of Ireland's planned economic and social development. There is nothing more disheartening for unemployed people than to be sent on an education or training programme that has no tangible outcome.
- A systematic review of the current use of educational/training facilities with a view to identifying how greater use can be made of these facilities. For example, what is the potential for schools remaining open in the evening to act as adult education centres? There is a need to weigh the cost of such provision against the cost of not maximising the use of current resources and social infrastructure.
- A guaranteed training/education place for every person aged 21 or younger. This guarantee would be one measure seeking to address the challenges of early school leaving and higher rates of unemployment amongst young people. It is important that it would take place as part of a continuum: where there are clear links into the labour market from such engagement and that the young people concerned have a strong sense that this will improve their employment prospects.

For further information please contact
Bríd O'Brien,
Head of Policy and Media
on 01 856 0088
or policy@inou.ie



The Irish National Organisation of the Unemployed
Araby House, 8 North Richmond Street, Dublin 1.
www.inou.ie
www.redundancy.ie