

INOUE Submission on the Pre-legislative scrutiny of the general scheme of the Social Welfare (Pay-Related Social Insurance and Jobseeker's Pay-Related Benefit Provisions) Bill 2024

JANUARY 2024



INTRODUCTION

The Irish National Organisation of the Unemployed (INOUE) welcomes the opportunity to make a submission to the Joint Committee on Social Protection, Community and Rural Development and the Islands on the pre-legislative scrutiny of the general scheme of the Social Welfare (Pay-Related Social Insurance and Jobseeker's Pay-Related Benefit Provisions) Bill 2024.

FROM CONSULTATION TO PROPOSED CHANGE

For many years in our Pre-Budget Submissions, the INOU has called for the re-introduction of a pay-related Jobseeker Benefit payment: in effect a return to the system when an unemployed person eligible for an Unemployment Benefit payment (previous name for Jobseeker's Benefit) could claim " *the aggregate of—*

(a) weekly rate of unemployment benefit, including any increase of that benefit payable under section 32 of the Act, and

(b) the weekly rate of pay-related benefit payable, and

(c) the weekly equivalent, as determined by the Revenue Commissioners, of the refund of income tax, if any, which is paid as a result of the unemployment, payable to a person exceeds seventy-five per cent. of the amount of that person's reckonable weekly earnings for the relevant income tax year, sub-article (2) of this article shall not operate so as to reduce the total amount payable to such person by way of the said unemployment benefit, pay-related benefit and refund of income tax. "

The INOU has also called on the Government to restore the duration on Jobseekers Benefit to pre-2008 crisis changes: when the maximum duration was 15 months or 12 months depending on the person's number of PRSI contributions, in comparison to the 9 months or 6 months pertaining at present.

In the organisation's submission, in February 2023, to *Strawman for a Pay-Related Jobseeker's Benefit Scheme*¹ we raised a number of concerns:

- The proposed duration an unemployed person could be on this payment: a maximum of six months in a twenty four month period. Such a duration could leave people who remain unemployed excluded from employment supports and services because they are not in receipt of a qualifying payment.
- The proposed Pay Related Jobseeker's Payment, like the Pandemic Unemployment Payment, will be a flat rate payment. So anyone with family responsibilities may be better off on a Jobseeker's Allowance (JA) payment - as they could claim for a Qualified Adult and/or a Qualified Child(ren) Increase. However, JA is a means-tested payment, a means test that has not changed for many years, and which has been devalued by the rise in inflation over the past few years.
- In other cases, for people who work in low paid employment, the person making the claim may be better off seeking to access an alternative payment, for example Jobseeker's Allowance or a One Parent Family Payment. Again, these payments are means tested, have a range of qualifying conditions and are not automatically open to people who may apply for them.
- We looked at a number of scenarios and found that everyone working only nineteen hours a week at the National Minimum Wage would be worse off under these

¹ Available at <https://www.inou.ie/analysis/submissions/inou-prb-submission/>

proposed changes than they would be on Jobseeker's Benefit payment. While for anyone working the average working week, only a single person who had worked for more than five years would be better off - presuming they would receive the full €450.

- With regard to the average wage examples, a single person would be better off on the proposed changes; a single person with one child would be marginally better off if they were only working nineteen hours a week and had worked for less than five years; if they had worked for longer or worked thirty-three hours a week they would be better off on the new arrangement. The couple with no children or with one child would only be better off if the claimant had worked an average working week of thirty-three hours. A similar situation arises for the single person with two children; while the couple with two children would be better off on the current Jobseeker's Benefit payment.

On November 21st, 2023 the Minister for Social Protection, Heather Humphreys TD, announced she had "*secured Cabinet Approval for the establishment of a new Pay-Related Jobseeker's Benefit System in Ireland*" and that:

- The weekly rate of payment for people who have at least 5 years paid PRSI contributions will be set at 60% of previous earnings, subject to a maximum of €450 for the first 3 months.
- After that, the rate will reduce to 55% of earnings, subject to a maximum of €375 for the following 3 months.
- A further 3 months will be paid at the rate of 50%, up to a maximum €300 payment.
- For persons who have between 2 and 5 years paid contributions, the rate will be set at 50% of previous earnings subject to a maximum for €300 per week and 6 month's duration.
- For all recipients, a minimum weekly payment of €125 will apply.
- Self-employed people will continue to be catered for under the current Jobseeker's Benefit (Self-Employed) Scheme.

These announcements were not radically different to the proposed changes announced in the public consultation run earlier in 2023 by the Department of Social Protection. Initially the higher payment of €450 was to last for six months, while the decision to keep the current duration of nine months for anyone who has worked for more than five years is welcome, it has been made by creating a tiered payment. This payment will be reduced twice over the nine months to the point where the final three months will be equivalent to the rate paid to someone who had worked less than five years.

SOCIAL WELFARE (PAY-RELATED SOCIAL INSURANCE AND JOBSEEKER'S PAY-RELATED BENEFIT PROVISIONS) BILL 2024

On January 9th the Minister for Social Protection, Heather Humphreys TD, announced that she had "*secured Cabinet Approval to draft law that will introduce a new Pay-Related Jobseeker's Benefit*" and published the Heads of the Bill for the pre-legislative scrutiny of the general scheme of the Social Welfare (Pay-Related Social Insurance and Jobseeker's Pay-Related Benefit Provisions) Bill 2024.

The INOU's submission on the Heads of the Bill will be presented in table format. Table 1 below contains the Head of the Bill number; its descriptor; the INOU's observations and proposed changes.

Table 1		
Head of Bill	Descriptor	INOUE Observation
1.	Employment Contributions – new rates 2024	<ul style="list-style-type: none"> Technical change, nothing to add.
2.	Employment Contributions – new rates 2025-2028	<ul style="list-style-type: none"> Technical change, nothing to add.
3.	Self-employment minimum payment increases to €650	<ul style="list-style-type: none"> Technical change, nothing to add.
4.	Voluntary contribution flat rate payment for former self-employed contributors increases to €650	<ul style="list-style-type: none"> Technical change, nothing to add.
5.	Jobseeker’s Pay-Related Benefit	<ul style="list-style-type: none"> Technical change, nothing to add.
6.	Entitlement to benefit and qualifying conditions	<ul style="list-style-type: none"> It will be important that this information is communicated to people constructively; that people’s entitlements are explained to them fully and clearly and in a supportive manner; that people are supported to return to work as soon as they are able; or to change employment if they feel that is the most appropriate option for themselves. (1) (g): use of the word ‘physique’ would appear to allude to an individual’s underlying ability and physical capacity to engage in work within the context of Genuinely Seeking Work. However, a greater recognition of varying levels of both physical and mental capacity within the definition of the qualifying criteria would provide a more inclusive basis upon which to determine capacity and ability to engage in varying types of fulltime work. (6): extension of the text to include recognition not just of the nature and pattern of the person’s (previous) employment, but cognisance of the individual’s capacity / ability at the time of application.
7.	Conditions for receipt	<ul style="list-style-type: none"> While appreciating that Ireland now has better real time data to assess a person’s earnings in the periods of time applying to Jobseeker’s Pay-Related Benefit, it will be important that loss of income arising from a reduction in employment that can precede a period of unemployment is taken into account. It is

		welcome that Head of Bill 8, subsection (4) acknowledges this problem.
8.	Rate of benefit	<ul style="list-style-type: none"> ▪ The new payment is called Jobseeker’s Pay Related Benefit, which is not an entirely accurate description, it is pay related up to a point, and then like the Pandemic Unemployment Payment, it is a flat rate payment. ▪ Though the maintenance of the current duration of nine months for people who become unemployed and have 260+ contributions, is to be welcomed, it is regrettable that this is being achieved by the introduction of a tiered payment. ▪ It would be important that circumstances listed in (6) (a-h) are used to inform a more person centred approach to engaging with people seeking or in receipt of JPRB. ▪ On page 18, in the notes explaining the purpose of this Head, it notes that <i>“In line with Jobseeker’s Benefit, reduced rates of payment shall apply where a person does not engage with activation requirements to support them back into employment or training.”</i> It is absolutely critical that this method of engaging with people is used as little as possible and that every effort is made to provide a person centred and truly supportive entitlements and employment service.
9.	Duration of payment	<ul style="list-style-type: none"> ▪ It is regrettable that the cuts to duration applied to Jobseeker’s Benefit in response to 2008 financial crisis remain in place, and will apply to the new JPRB. ▪ Section (7) covers people exhausting their right to JPRB, how they can requalify once they do <i>“not exceed the maximum number of weeks in which jobseeker’s pay-related benefit is payable in a period of 104 weeks, to be prescribed by the Minister.”</i> The explanatory notes on page 21 observe that <i>“Entitlement to the benefit will be limited within a 104-week period, unlike Jobseeker’s Benefit which can be re-claimed after a 13-week period.”</i> This unwelcome development could leave some people in less secure employment in a difficult situation, potentially leaving them outside income and

		employment supports, at a time when they are most in need of both, and should be re-visited.
10.	Refusal or failure to attend activation meetings relating to jobseeker’s pay-related benefit	<ul style="list-style-type: none"> ▪ Under the Purpose of Heads 10-14 it notes that these <i>“provisions cover engagement with activation such as attending meetings or participating in prescribed schemes, programmes or courses.”</i> (p22) ▪ In the INOU’s submission to the Strawman proposal we noted that <i>“the Public Employment Service (PES) should be open to everyone of working age regardless of whether or not they are on a social welfare payment. However, this is not the reality.</i> ▪ <i>Figure 6 on page 33 of Pathways to Work 2021-2025² outlines who receives what supports. For anyone who is deemed to have a low risk of long-term unemployment all they are offered is: an Information Video or Group Information Session (GIS); and directed self-help & job search guidance. If they remain unemployed after 6-months they will receive the same supports offered to those with a medium risk of long-term unemployment. And this entails a 1-to-1 employment service engagements; a Personal Progression Plan; and further guidance and referral to employment and training supports.”</i> (p14) ▪ It is regrettable that the focus in these Heads of Bill is on the negative, on what will happen to the person who is unemployed who is perceived to be failing in their responsibilities. ▪ Amongst the motions passed at the INOU’s Annual Delegate Conference in May 2023, was one calling <i>“on the Government to deliver wrap around employment and support services that really meet the needs of people who are unemployed - regardless of whether or not they are on a social welfare payment - to support them to access decent work and to appropriately address any barriers they experience.”</i> ▪ At the same conference a motion from the INOU’s General Branch - the mechanism through which unemployed people play an
11.	Refusal or failure to participate in prescribed schemes, programmes or courses relating to jobseeker’s pay-related benefit	
12.	Giving of notice under section XX or XX (Heads 10 and 11)	
13.	Disqualifications	
14.	Jobseeker’s pay-related benefit – disqualification for course of study	

² Reference: <https://www.gov.ie/pdf/?file=https://assets.gov.ie/152608/090ec83f-7e86-4419-a63c-d3ee92bbce4a.pdf#page=null>

		active part in the running of the organisation - stated that <i>“Many people when they are or become unemployed are unaware of the different options and supports that might be available to them”</i> and called <i>“on the Department of Social Protection to ensure that unemployed people are properly informed about their options and the range of supports that are available to them.”</i>
15.	Regulations for purposes of Chapter	<ul style="list-style-type: none"> ▪ It would be important that the measures provided for under this heading strive to improve supports and services for people who may find themselves in difficult circumstances, situations which the current range of provision has not been designed to address.
16.	Closure of jobseeker’s benefit for new applications	<ul style="list-style-type: none"> ▪ This closure should not happen. ▪ Notwithstanding that the majority of people currently on Jobseeker’s Benefit claim only for themselves, the option to apply for a Jobseeker’s Benefit (JB) payment should be retained for people who have adult and child dependents for whom they could claim. ▪ People who become unemployed who would receive a higher level of income support under JB than the proposed Jobseeker’s Pay-Related Benefit payment (JPRB), should be able to apply for Jobseeker’s Benefit.

Irish National Organisation of the Unemployed (INOUE)

“The INOU is a federation of unemployed people, unemployed centres, unemployed groups, community organisations and Trade Unions. The INOU represents and defends the rights and interests of those who want decent employment and cannot obtain it. We promote and campaign for policies to achieve full employment for all. We also campaign for an acceptable standard of living for unemployed people and their dependents. The INOU is an anti-sectarian, anti-racist, non-party political organisation which promotes equality of opportunity within society.” (INOUE Mission Statement)

The organisation has almost two hundred affiliated organisations and six hundred individual members. We work at a local and national level on issues affecting unemployed people through the provision of training and welfare rights information services; analysis of Government policies and related advocacy work; and working with a wide range of other organisations on issues of common concern.