

# Budget 2023 Analysis



## INOUE MISSION STATEMENT

***"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

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On September 27<sup>th</sup>, 2022 the Government published Budget 2023 and a key focus of the measures announced was addressing the cost of living crisis facing so many people in Ireland.

The INOU had sought a €20 increase to core social welfare rates, such a rise we believed was vital to support people reliant on a social welfare payment to cover the increasing cost of living. According to the Central Statistics Office the Consumer Price Index rose by 9.2% in October 2022. The Government announced that core social welfare rates will increase by €12, or 5.8%, which is clearly insufficient to address the impact of growing inflationary pressures on people.

On the positive side, the INOU had also sought an "earlier double bonus payment and ensure the eligibility for people on a Jobseeker's Allowance payment is the same as other social welfare recipients." The announcement of such a double payment was welcome and paid in October 2022 to people on social welfare schemes and programmes like Community Employment.

The Government also announced that they would pay a full Christmas bonus in early December. However, it is important to note that to be eligible for this bonus, and the Fuel Allowance, anyone on a Jobseeker's Allowance payment must be in receipt of it for at least twelve months. As a consequence of these eligibility criteria, anyone in receipt of a Jobseeker's Benefit payment will not benefit from these additional supports.

Another of the asks in our Pre-Budget submission was an "Increase the Fuel Allowance by at least fifty per cent." At present the Fuel Allowance is paid for 28 weeks at a rate of €33 per week, and this formula remained unchanged in Budget 2023. However, "a lump sum payment of €400 will be made before Christmas to recipients of this support". And then from January 2023 there will be an increase in the means assessment threshold from €120 to €200; a new means test disregard for people aged over 70; the Half-rate Carer's Allowance and Disablement Benefit will also be disregarded in the means assessment.

For a number of years the INOU has sought an increase in the top-up payment for participants on particular employment programmes. Finally in this year's Budget one was announced: an increase of €5 will be made, bringing the top-up from €22.50 to €27.50 per week for participants on Community Employment, TUS, and Rural Social Scheme.

Towards the end of his Budget speech, Minister for Finance, Paschal Donohoe noted "And I know we need to do more, build more homes, continue to improve public services, respond with courage and resolution to our defining challenge of climate change. But we can. And we will." To this list the issue of income adequacy must be incorporated. As the Commission on Taxation and Welfare noted: "The adequacy of social welfare rates is central to poverty reduction. Regular benchmarking exercises for working-age payments should be undertaken, which would set multi-annual targets for progress in rates."

## INOUE 2023 Pre-Budget Analysis covers:

- ◆ Adequate Income
- ◆ Inclusive Labour Market
- ◆ Activation Programmes



# Adequate Income

## IN BUDGET 2023 THE INOU CALLS ON THE GOVERNMENT TO:

- ☞ Increase Social Welfare payments by €20, and adjust related supports so that people do not lose this increase through, for example, an increase in their differential rent.
- ☞ Pay an earlier double bonus payment and ensure the eligibility for people on a Jobseeker's Allowance payment is the same as other social welfare recipients.
- ☞ Increase the Fuel Allowance by at least fifty per cent.
- ☞ End the age segregation still evident in the Jobseeker's Allowance payment.
- ☞ Re-introduce pay-related Jobseeker Benefit payments and restore its duration.
- ☞ Ensure that Ireland's social protection system is as responsive as possible and that people can navigate the system easily.
- ☞ Introduce a work-friendly Social Welfare system for Jobseekers reflective of changing work practices, based on hours worked rather than days worked.
- ☞ Increase the daily earnings income disregard for JA to €25 per day for both the main claimant and qualified adult equally.

## What did the Government announce in Budget 2023?

- ◆ The main claimant in receipt of a full weekly social welfare payment should receive an increase of €12 per week in January, bringing their payment up to €220 per week.
- ◆ For anyone claiming for their partner will be in receipt of the Qualified Adult Increase. This payment is approximately two-thirds of the main payment and will rise by €8 to €146 per week.
- ◆ Qualified Child Increases will go up by €2 per week: to €42 for children aged under 12; and to €50 for children over 12.
- ◆ A once-off double week cost of living support payment to all qualifying social protection recipients was paid in October, which included pensioners, carers, people on disability and jobseekers payments.
- ◆ No changes in the rate or duration of the Fuel Allowance payment was announced in this budget. However, for recipients of the Fuel Allowance a lump sum payment of €400 will be paid before Christmas.
- ◆ It is important to note that for anyone on a Jobseeker's Allowance payment to be eligible for the Fuel Allowance or the Christmas Bonus they must be in receipt of JA for at least a year.
- ◆ In Budget 2011, the current Child Benefit rate of €140 was introduced, initially for the first two children, and then in Budget 2012 this rate was applied to all children. These changes represented a €10 cut for the first two children and a €47 cut for the third and subsequent children.
- ◆ In Budget 2023 a double Child Benefit payment for all qualifying households was announced, amounting to €280 per child.
- ◆ In Budget 2023 no measures were announced to address the remaining inequitable age-segregation in Jobseeker's Allowance payments, though at least young JA recipients not living independently will receive the €12 increase.
- ◆ No changes were announced to how Jobseeker's Benefit payments will be calculated or the restoration of the pre-2008 crisis duration of this payment.
- ◆ No changes were announced that will make Ireland's complex social welfare system easier to navigate for unemployed people on a Jobseeker's payment seeking to move from welfare to work.
- ◆ No changes were made to the daily earnings income disregard for people on a Jobseeker's Allowance payment, which has remained at €20 per day up to a maximum of three days or €60 for more than a decade.



# Inclusive Labour Market

## IN BUDGET 2023 THE INOU CALLS ON THE GOVERNMENT TO:

- ☞ Ensure that individuals and communities most disadvantaged in the labour market are pro-actively provided with tailor made supports to address their issues.
- ☞ Proactively inform people of and provide them with timely access to welfare-to-work and in-work supports including: Back to Work Family Dividend, Payment Pending Wages, Fasttrack, Part-time Job Incentive Scheme, and Working Family Payment.
- ☞ Support people to address the initial costs of taking up employment, in particular the costs of travel and childcare.
- ☞ Add socio-economic status as a ground into Ireland's equality legislation.
- ☞ Fully support unemployed people seeking to address their unemployment through self-employment.
- ☞ Increase the Back to Work Enterprise Allowance to three years, and pay 50% of the participant's social welfare payment in the third year.

## What did the Government announce in Budget 2023?

- ◆ There will be access to the higher rate of JobsPlus subsidy for employers hiring candidates from disadvantaged and minority backgrounds. JobsPlus is a scheme to encourage employers to recruit long-term unemployed people. It provides cash payments to employers – €7,500 for recruits unemployed for more than 12 but less than 24 months; and €10,000 for recruits unemployed for more than 24 months
- ◆ No new announcements were made on the need to provide information pro-actively: an issue raised regularly at INOU events.
- ◆ Amongst the cost of living measures announced was an additional lump sum payment of €500 to those in receipt of the Working Family Payment, which is administered by the Department of Social Protection.
- ◆ The Working Family Payment (WFP) is a weekly tax-free payment available to *employees with children* at work on low pay. To qualify for WFP, the person's average weekly family income must be below a certain amount for their family size. The payment they receive is 60% of the difference between their average weekly family income and the income limit which applies to their family.
- ◆ The Working Family Payment (WFP) threshold will be increased by €40 per week for every family size.
- ◆ The 20% public transport fare reduction and the Youth Travel Card discount of 50% on all operators' services will run to the end 2023, which is welcome for people living in areas with public transport.
- ◆ There will be a budget of €357.6 million to continue the implementation of the National Childcare Scheme (NCS), offering supports to a greater number of children and families at significantly higher subsidy levels. An additional funding of €121 million will be provided to facilitate the hourly universal subsidy under the NCS increasing from 0.50c per hour to €1.40 per hour from January 2023.
- ◆ No reference was made to the addition of a socio-economic status ground to Ireland's equality legislation.
- ◆ No new announcements were made on the supports that are available to unemployed people seeking to create their own job.



# Activation Programmes

## IN BUDGET 2023 THE INOU CALLS ON THE GOVERNMENT TO:

- ☞ Open up access to activation programmes for unemployed people who are not in receipt of a payment, in particular those signing on for credits.
- ☞ Increase the top-up payment on Community Employment and Tús by €7.50.
- ☞ Acknowledge the cost of participation in education and training and support adult learners to meet these costs to facilitate their participation.
- ☞ In a changing labour market ensure that unemployed people and vulnerable workers are supported to adapt and secure decent work.
- ☞ Provide good guidance and sign posting within and across the system so people know where they should go to get the most appropriate supports and provision.
- ☞ Support the community and voluntary sector, an important entry point for people more distanced from the labour market, to play its part in supporting employment, education and training opportunities.

## What did the Government announce in Budget 2023?

- ◆ Unfortunately, no new announcement was made on this issue: one that has been raised by the INOU's General Branch, the mechanism through which unemployed people play an active part in the INOU; and our affiliates who have raised concerns about people who have not found employment before their Jobseeker's Benefit ends, who are not eligible for Jobseeker's Allowance, and then finds themselves without supports.
- ◆ After many years of asking in our pre-budget submissions, an increase in the top up payment for Community Employment, TUS, and Rural Social Scheme was finally made. It will be increased by €5 to €27.50 per week. Given the cost of going to and participating in work, it is really important that this increase is not a once-off.
- ◆ There were no new announcements on supporting unemployed people to participate in education and training per se. The focus of the further and higher education measures in this Budget were on supporting people to manage the costs of higher education.
- ◆ There were two helpful announcements on apprenticeships: a once-off reduction of up to 33% in the contribution fee for apprentices; and additional funding for social inclusion measures in apprenticeships, such as a bursary for apprentices from under-represented groups.
- ◆ At the INOU's regional Discussion Forums earlier in the year concerns were raised about a lack of awareness of apprenticeships; few if any opportunity in some parts of the country; and then the cost of accommodation if the person moves elsewhere become an apprentice.
- ◆ There were no new announcements on supporting unemployed people and vulnerable workers to navigate a changing labour market; and where they should go to get the most appropriate advice and guidance to manage this change.
- ◆ An increase in funding of €3.5 million for the Community Services Programme (CSP): bringing the budget line for this programme to over €52 million in 2023. The CSP supports community organisations to deliver local social, economic and environmental services. It aims to tackle disadvantage by providing a co-funding contribution towards the cost of employing a manager and full-time equivalent (FTE) positions.
- ◆ The budget line for the Social Inclusion and Community Activity Programme (SICAP) will increase by €1.3 million or 3% to €44 million in 2023. SICAP supports communities and individuals to engage with relevant stakeholders in identifying and addressing social exclusion and inequality, developing the capacity of local community groups and creating more sustainable communities. The programme also supports disadvantaged individuals to improve the quality of their lives through the provision of lifelong learning and labour market supports issues.

