

INOU Submission on the development of a new Pay-Related Benefit for Jobseekers

IRISH NATIONAL ORGANISATION OF THE UNEMPLOYED | www.inou.ie

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INTRODUCTION

The Irish National Organisation of the Unemployed (INOUE) welcomes the opportunity to contribute to the development of a new Pay-Related Benefit payment for Jobseekers.

“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.

INOUE PRE-BUDGET CALLS

In our pre-budget submissions the INOU has consistently called for:

- The re-introduction of a pay-related Jobseeker Benefit payment.
- The restoration of 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. Currently, JB is paid for a maximum of 9 months or 6 months.
- The introduction of a work-friendly social welfare system for people on a Jobseekers Allowance payment that is reflective of changing work practices, based on hours worked rather than days worked, and one which supports people to maximise their income.
- In the interim increase the daily earnings disregard for Jobseeker’s Allowance (JA) to €25 per day, for both the main claimant and the qualified adult equally.
- Ensure that Ireland’s social protection system is as responsive as possible, and that people can navigate the system easily.

In our submission to the Department of Social Protection on the development of their Statement of Strategy 2023-2026 we stated *“that it is absolutely critical that supports are built around the unemployed person and others seeking supports from the Department of Social Protection, that the person really does feel that they and their concerns are at the heart of this work, and that they will be supported to make informed choices. These choices should include ensuring that people are on the right payment, that the system takes pro-active and supportive steps to ensure that people are, and that at all times the person feels and knows they can drop into their local Social Welfare / Intreo office to discuss any matter of concern.”* We also raised how *“important that Ireland’s Public Employment Service, for which the Department is responsible, is*

available to everyone of working age regardless of whether or not they are on a social welfare payment or what type of social welfare payment they are on.”

DEVELOPING A SOCIAL WELFARE SYSTEM FOR THE FUTURE

In February, 2021 the INOU ran two workshops entitled *Developing a Social Welfare System for the Future* which explored:

1. Adequacy
2. Delivery of Social Welfare service
3. Genuinely Seeking Work
4. Social Insurance
5. Interaction between work and the social welfare system

Amongst the key points made under the fourth theme, Social Insurance, were:

- Clarity was sought about whether or not Jobseeker’s Benefit (JB) was pay related - it is not. This led to a discussion about why there is no Christmas Bonus on JB, especially as it is no longer wage related and other supports like mortgage relief are gone.
- The inadequacy of JB and how it contrasted with the Pandemic Unemployment Payment was noted. It was also noted that although PUP initially has a flat rate payment of €350, over time it had four categories of payment as JB has, though each category was significantly lower on JB.
- If a person moves from fulltime work to a social welfare payment of €203pw it can be hard to cover their costs of living and debt can become a serious issue. It is important to allow people to adapt and get back to work.
- There is a stigma associated with unemployment payments and people do not always want to claim their entitlements in this regard.
- There is a lack of information about contributions, the benefits people are entitled to, creating a need for good communications and telling people what is available. It was noted that plain English communications are critical.
- It is a complex system, often difficult for people to understand and access the right supports.
- The journey from Jobseeker’s Benefit to the means tested payment Jobseeker’s Allowance does not work out for everyone:
 - if the person is under 25 and living at home their parents’ income is taken into account;
 - if older and they have a partner; the partner’s income is taken into account and / or if they have means themselves;
 - these rules have particular implications for young people and women and can lead to their exclusion from income supports and employment services.

- Arising from the 2008 crisis there was an increased focus on activation and employment services linked to a Jobseeker's payment. As their partners worked more men found themselves, regardless of the years of work, not making the transition from JB to JA and with little or no access to an income, employment services or opportunity to re-train. This is a situation that many women are familiar with, and the gendered nature of the existing system was noted during the discussions.

The INOU organises regional Discussion Forums, which bring together our affiliated organisations in different parts of the country, at which a particular policy and social welfare issue are discussed. At the three forums run in November, 2022 the policy issue focused on was pay-related Jobseekers payment. In particular what was in Commitment 41 in *Pathways to Work 2021-2025*¹ which states *"Using the experience from the Pandemic Unemployment Payment to inform the design of any pay-related social insurance based short-term jobseeker payment that may be developed, as provided for in the Programme for Government."*; and in Recommendation 12.3 in the *Commission on Taxation and Welfare*² report which is: *"The Commission notes the intention of the Government to introduce a greater element of pay-related benefits within the Social Insurance system. The Commission recommends that the design of such benefits should take account of incentives to work and the sustainability of the Social Insurance Fund. If introduced, any such benefit should be short in duration, subject to a cap, and progressively extended to include maternity, paternity, parents' and illness benefit."*

Amongst the issues of concern raised by the participants at these regional Discussion Forums were:

- People can often be in shock when they become unemployed, many have little experience of the social welfare system, can find the language inaccessible, and be unclear as to their entitlements. One participant noted that people don't like to see themselves as unemployed.
- At one forum, a participant noted that people either return to work quickly (1-2 months) or it takes 12-18 months, and that some people are falling between the gaps in the system.
- People's inability to access education supports if they remained unemployed but they did not move onto a Jobseeker's Allowance payment, because of their personal or family circumstances. At one forum it was noted that people should be assessed on their own work and not assessed on their partner's income.
- A sense that for some people they are building up their entitlements, but may not always be able to draw them down. An example was given of someone parenting alone, in receipt of the One Parent Family Payment and working part-time; and another of a woman who had been on maternity leave.

¹ Reference: <https://www.gov.ie/en/publication/1feaf-pathways-to-work-2021/>

² Reference: <https://www.gov.ie/en/publication/7fbef-report-of-the-commission/>

- It was noted that a more tailored system is required, that people can lose out depending on their personal circumstances, for example if their stamps / PRSI contributions are less than the minimum requirements.
- The importance of getting one's own PRSI record and assessing the impact of any gaps was raised. One participant noted that automatic PRSI statements would be helpful. There was a call for a national information campaign by the Department of Social Protection, and the identification of solutions if any gaps in stamps / PRSI contributions are identified.
- One participant noted the impact of underemployment on the Social Insurance Fund as the employer's PRSI contribution would be lowered. It was also noted that employers PRSI is lower in Ireland than it is in many other European countries.

PROPOSED PAY RELATED BENEFITS

It initially appeared when the Minister for Social Protection launched the consultation document on the introduction of a Pay Related Benefit payment for people who are unemployed and eligible for a Jobseeker's Benefit payment that a long standing key ask for the INOU may be answered. However, what the organisation had hoped for and what has been announced are quite different.

Of particular concern to the INOU is the proposed reduction in the duration an unemployed person could be on this payment. Notwithstanding the Department's point that many people in receipt of Jobseeker's Benefit thankfully return to employment after a few months, the organisation remains concerned for those who do not, and in particular for those who struggle with being unemployed, who may need to re-skill, and who could very easily find themselves excluded from the required supports because they are not in receipt of a qualifying payment.

On the income front the INOU is particularly concerned for people who work in low paid employment, employment where the hours worked may vary from week to week, leading to an uncertainty of income on a weekly basis. In some cases the person making the claim may well be better off seeking to access an alternative payment, for example Jobseeker's Allowance or a One Parent Family Payment. However, these payments are means tested, have a range of qualifying conditions and are not automatically open to people who may apply for them.

According to the Department of Social Protections Annual Statistical Report for 2021, 87% of people in receipt of a Jobseeker's Benefit Payment were claiming only for themselves; 2.5% were also claiming for a Qualified Adult; 7% were claiming for a Qualified Child Increase³; and 3% were reclaiming for themselves, a Qualified Adult and a Qualified Child Increase. However, it is also important to point out that only 85% of the people in receipt of a Jobseeker's Benefit payment will be affected by these proposed changes: the remaining 15% are either on JB for the self-employed; Systematic Short-time Workers; or people aged over 65 waiting to access their pension.

³ In 2021, 44% of the people claiming a Qualified Child Increase under their Jobseeker's Benefit were claiming a half-rate payment.

According to the proposal in the Strawman the Rate of Benefit would be set as follows:

- For people who have at least five years paid contributions (of which six months must have been in the 12 months prior to claim), be set at 60% of the person’s prior gross income subject to a cap of €450 per week (almost 50% of the gross adjusted average industry weekly earnings¹).
- For people who have less than five years prior contributions but at least two years (of which six months must have been in the 12 months prior to claim) be set at 50% of the person’s prior gross income subject to a cap of €300 per week (about 33% of gross adjusted average industry weekly earnings).

Tables 1 to 3 look at a number of scenarios: people working at the National Minimum Wage (€11.30 ph); the campaigned for Living Wage⁴ (€13.85 ph); and the current average wage rate⁵ (€27.72 ph). The hours used in these tables are the weekly minimum required to be eligible for the Working Family Payment⁶ and a rounding up of the average working week. There are currently two rates for the Qualified Child Increase €42 children under 12 years of age, and €50 for children aged 12+. In Tables 1 to 3 we have assumed that the first child is aged under 12 and the second is older.

In Table 1, everyone working only nineteen hours a week would be worse off under the Strawman proposal than they would be on the current Jobseeker’s Benefit payment, a payment regarded as inadequate to meet people’s needs when the Covid-19 pandemic struck. While for anyone working the average working week, only a single person who had worked for more than five years would be better off.

Table 1: Jobseekers Benefit Payments v Proposed Pay Related Benefit Payments, National Minimum Wage										
Household Type / Payment Type	Jobseeker's Benefit AWE €300+	Jobseeker's Benefit AWE €220 - €299.99	Jobseeker's Benefit AWE €150 - €219.99	Jobseeker's Benefit AWE < €150	NMW @ 19 hours	Person worked > 2 < 5 years	Person worked for 5 years+	NMW @ 33 hours	Person worked > 2 < 5 years	Person worked for 5 years+
Single	220	172.3	141.9	98.7	214.7	107.35	128.82	372.9	186.45	223.74
Single person with one child	262	214.3	183.9	140.7	214.7	107.35	128.82	372.9	186.45	223.74
Couple	366	266.8	236.4	193.2	214.7	107.35	128.82	372.9	186.45	223.74

⁴ Reference: <https://www.budgeting.ie/living-wage/>

⁵ Reference: <https://www.cso.ie/en/releasesandpublications/ep/p-elcq/earningsandlabourcostsq32022finalq42022preliminaryestimates/>

⁶ Under the eligibility rules for the Working Family Payment the applicant must work at least 38 per fortnight; they can also combine their weekly hours with their spouse / civil partner / cohabitant's hours to meet this condition.

Couple with one child	408	308.8	278.4	235.2	214.7	107.35	128.82	372.9	186.45	223.74
Single person with two child	312	264.3	233.9	190.7	214.7	107.35	128.82	372.9	186.45	223.74
Couple with two children	458	358.8	328.4	285.2	214.7	107.35	128.82	372.9	186.45	223.74

In Table 2, again everyone working only nineteen hours a week would be worse off under the Strawman proposal. A single person working an average working week would be better off under the new proposal, and a single person with a child who had worked for more than five years, but none of the other examples given.

It is important to note that the families with children in Tables 1 and 2 could be eligible for the Working Family Payment (WFP). The WFP is 60% of the difference between the WFP income limit for the person's family size and their assessable income⁷. The income limit for a family with one child is €591 and for a family with two children €692. In effect, for most families with children their gross income is the combination of their wage and their WFP. This begs the question: in these circumstances should the proposed rates of 50% and 60% work off the combined income? Of course this would be of little help to people who do not have children, an issue that is recognised in the Working Age Payment proposal included in the Pay Related Benefit Strawman, a proposal we will return to later in this submission.

Table 2: Jobseekers Benefit Payments v Proposed Pay Related Benefit Payments, Living Wage										
Household Type / Payment Type	Jobseeker's Benefit AWE €300+	Jobseeker's Benefit AWE €220 - €299.99	Jobseeker's Benefit AWE €150 - €219.99	Jobseeker's Benefit AWE < €150	Living Wage @ 19 hours	Person worked > 2 < 5 years	Person worked for 5 years+	Living Wage @ 33 hours	Person worked > 2 < 5 years	Person worked for 5 years+
Single	220	172.3	141.9	98.7	263.15	131.575	157.89	457.05	228.525	274.23
Single person with one child	262	214.3	183.9	140.7	263.15	131.575	157.89	457.05	228.525	274.23
Couple	366	266.8	236.4	193.2	263.15	131.575	157.89	457.05	228.525	274.23
Couple with one child	408	308.8	278.4	235.2	263.15	131.575	157.89	457.05	228.525	274.23
Single person with two child	312	264.3	233.9	190.7	263.15	131.575	157.89	457.05	228.525	274.23
Couple with two children	458	358.8	328.4	285.2	263.15	131.575	157.89	457.05	228.525	274.23

⁷ The combined income of a couple who are married / civil partnership / cohabiting is taken into account when calculating assessable income.

In Table 3 a single person under the four scenarios given would be better off on the Strawman proposal; 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, but 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 a Jobseeker’s Benefit payment.

Table 3: Jobseekers Benefit Payments v Proposed Pay Related Benefit Payments, Average Wage										
Household Type / Payment Type	Jobseeker's Benefit AWE €300+	Jobseeker's Benefit AWE €220 - €299.99	Jobseeker's Benefit AWE €150 - €219.99	Jobseeker's Benefit AWE < €150	Average Wage @ 19 hours	Person worked > 2 < 5 years	Person worked for 5 years+	Average Wage @ 33 hours	Person worked > 2 < 5 years	Person worked for 5 years+
Single	220	172.3	141.9	98.7	526.68	263.34	316.01	914.76	300	450
Single person with one child	262	214.3	183.9	140.7	526.68	263.34	316.01	914.76	300	450
Couple	366	266.8	236.4	193.2	526.68	263.34	316.01	914.76	300	450
Couple with one child	408	308.8	278.4	235.2	526.68	263.34	316.01	914.76	300	450
Single person with two child	312	264.3	233.9	190.7	526.68	263.34	316.01	914.76	300	450
Couple with two children	458	358.8	328.4	285.2	526.68	263.34	316.01	914.76	300	450

LOOKING TO THE PAST

As noted on page one, the INOU has long called for the re-introduction of a pay-related Jobseeker Benefit payment. In the past 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.”*⁸

The ‘section 32 of the Act’ referred to in (a) on page seven comes from the Social Welfare (Consolidation) Act, 1981 which states that:

(1) The weekly rate of unemployment benefit shall be increased by the amount set out in column (3) of Part I of the Second Schedule for any period during which the beneficiary has an adult dependant, subject to the restriction that a beneficiary shall not be entitled for the same period to an increase of benefit under this subsection in respect of more than one person.

(2) The weekly rate of unemployment benefit shall be increased by the amount set out in column (4) of Part I of the Second Schedule in respect of a qualified child or each of two qualified children who normally resides or reside with the beneficiary and, in addition, where there are more than two such children, by the amount set out in column (5) of that Part in respect of each such child in excess of two.

The lack of such additional supports in the Strawman proposal, whereby a claimant could claim only for themselves, will create significant difficulties for unemployed people with family responsibilities. This is an issue that the Department of Social Protection must revisit and revise constructively if this proposal is to be a positive and inclusive development.

With regard to ‘*the weekly rate of pay-related benefit payable*’ referred to in (b) on page seven, in the Social Welfare (Consolidation) Act, 1981, Section 73 it states that “*The weekly rate of pay-related benefit payable to a person in any period of interruption of employment shall be an amount equal to—*

(a) for any part of that period up to the 159th day of incapacity for work, or for any part of that period up to the 159th day of unemployment, 40 per cent.,

(b) for any part of that period from the 160th day of incapacity for work up to the 237th such day, or for any part of that period from the 160th day of unemployment up to the 237th such day, 30 per cent.,

(c) for any part of that period from the 238th day of incapacity for work up to the 315th such day, or for any part of that period from the 238th day of unemployment up to the 315th such day, 25 per cent., and

(d) for any part of that period from the 316th day of incapacity for work up to the 393rd such day, or for any part of that period from the 316th day of unemployment up to the 393rd such day, 20 per cent., of the part (if any) of his reckonable weekly earnings for the

⁸ Reference: Section 10 (4) <https://www.irishstatutebook.ie/eli/1991/si/253/made/en/print?q=Social+Welfare+Pay-Related+Benefit>

relevant income tax year that exceeds £14 but does not exceed such limit as stands prescribed for the time being, subject to such conditions as may be prescribed to restrict the total amount of benefit payable under this Part to the person in respect of any week.”⁹

Regrettably, the duration noted in this section no longer applies to a Jobseeker’s Benefit payment. In response to the challenges thrown up by the 2008 financial crisis the duration on a Jobseeker’s payment was cut from fifteen months to twelve, and then twelve to nine for people who worked more than five years; and for people who worked for less than five but at least two, it went from twelve months to nine, and then nine months to six. Under the Strawman proposals there would be a standard duration of six months, with no more than six months allowable in any twenty-four month period. This time period raises very serious concerns from the INOU. In particular for anyone who remains unemployed or whose new job does not last; is ineligible for the means-tested Jobseeker’s Allowance payment; and then cannot access the required supports and services to secure alternative employment.

With regard to the re-introduction of a Pay-related Jobseeker’s Benefit payment, the Strawman proposal is quite different and more in keeping with the introduction of a method of payment seen in other countries.

On February 22nd, 2023 the Central Statistics Office (CSO) published the results of the *Survey of Income and Living Conditions (SILC) 2022*. Over the year the at-risk-of-poverty rate increased by 1.8 percentage points to 13.1%. The CSO noted that without the COVID-19 pandemic income supports this figure would have been 20.5%. The deprivation rate for 2022 was 17.7%, an increase of 3.9 percentage points; and the consistent poverty rate, which captures people who are at-risk-of-poverty and experience deprivation, rose by 1.3 percentage points to 5.3%.

The SILC data is presented under a number of different categories including Principal Economic Status (PES). Under PES, the at-risk-of-poverty rate for people who identified themselves as unemployed was considerably higher – at 35.6%, a rise of 12.4 percentage points over the year. While the deprivation rate for unemployed people rose by 17 percentage points to 48.6%; and the consistent poverty for people who are unemployed increased by 7.8 percentage to 18%.

Another key ask for the INOU in the annual budgetary cycle is a call on the Government to benchmark all social welfare rates at a level which is sufficient to lift people above the poverty line and provide them with a Minimum Essential Standard of Living. As Tables 1, 2 and 3 demonstrate there are people who will become unemployed who would be better off on the existing Jobseeker’s Benefit payment.

In the Strawman proposal the Department notes that the rationale for introducing a pay related benefit is to *“First, to recognise and cushion people against the ‘income shock’ that arises on loss of employment”* and *“Second, to provide a tangible return to people who make social insurance contributions as a means of better reflecting the contributory principle and strengthening the solidarity principle, both of which are at*

⁹ Reference: <https://www.irishstatutebook.ie/eli/1981/act/1/enacted/en/print#sec5>

the heart of the social insurance system.” These arguments are to be welcomed, but a return to the system Ireland once had would be more constructive than the proposals made in the Strawman document.

WORKING AGE PAYMENT

At present if a person on a Jobseeker’s Allowance payment receives an offer of part-time work, they could find themselves in a dilemma if that work is spread over the whole of the working week, rather than concentrated over three days or less. This anomaly is not new, in their 2011 report, *Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession*, the National Economic and Social Council (NESC)¹⁰ noted that *“a person with one regular hour of work per day on each of four working days (a total of four paid hours a week) does not qualify, while a person with full-time work on three working days (a total of twenty-one paid hours) does. It can be argued that this interpretation of what constitutes availability for work is based on the patterns in working hours of the economy in the past, and does not reflect the more service-based, customer-focused and globally engaged economy of today.”* (p142)

In *Pathways to Work 2021-2025* there is a commitment to *“Prepare a paper on options to modify the longer term jobseeker assistance payment by utilising the Revenue real time earnings data to adjust payment levels in line with a person’s weekly earnings, to guarantee a basic income floor and ensure that in all cases a person’s income increases when they work.”* (No. 43) While in the report of the Commission on Taxation and Welfare, they state that *“The Commission recommends that working-age payments should be reformed to move towards an income related working-age assistance payment available to all households. The payment should be designed so as to avoid subsidising low-paid employment.”* (Recommendation 12.2)

In our pre-budget submissions the INOU has called for the introduction of a work-friendly social welfare system for people on a Jobseekers Allowance payment that is reflective of changing work practices, based on hours worked rather than days worked, and supports people to maximise their income. Will the Working Age Payment proposed in Section 4.5 of the Strawman on the Pay Related Benefit consultation deliver on these requests? In the summary the document states that:

- The rationale in developing a Working Age Payment is to create a greater link between welfare payments and employment earnings such that a person will always experience an increase in income when they take on additional work.
- It is also intended to remove inconsistencies in payment rates between people in similar situations and to move away from the ‘days worked’ model whereby a person is disqualified for payment on a day where they might only work for 1 or 2 hours.

¹⁰ Reference: http://files.nesc.ie/nesc_reports/en/NESC_123_2011_full.pdf

- Furthermore, a new scheme should be easier to understand and administer and should militate against distorted income effects for people returning to work, such as significant ‘income cliffs’ or loss of income.
- The proposed model would be based on the Working Family Payment model whereby a person receives a payment based on a percentage of the difference between their income and a specified threshold for their family type.

It will be important to see what is in the Strawman for this proposal when it is published later on in the year. If the changes are designed to support unemployed people to take up part-time work that they feel would strengthen their links with the labour market, it would be a very welcome development. In particular if point nine on page thirty of the consultation document is realised, which states *“This would be to guarantee a basic income floor and ensure that in all cases a person’s income increases when they work.”*

However, if the proposal is to completely merge Jobseeker’s Allowance with a reconfigured Working Family Payment, this could exacerbate income adequacy questions for some families, while improving the situation of others. As Table 4 illustrates, if the Working Age Payment proposal is to give unemployed people 60% of the weekly income limit that applies for their family type under the Working Family Payment, some families may be better off, while others would be better off on the current Jobseeker’s Allowance arrangement.

Table 4: Jobseeker's Allowance Payment v Proposed Working Age Payment					
Household Type / Payment Type	Jobseeker's Allowance	Working Family Supplement Weekly Income Limit (WIL)	Working Family Supplement Possible WIL	Working Age Payment at 60% of WIL	Difference
Single	220		375*	225	5
Single person with one child	262	591		354.6	92.6
Couple	366		505**	303	-63
Couple with one child	408	591		354.6	-53.4
Single person with two child	312	692		415.2	103.2
Couple with two children	458	692		415.2	-42.8

* This weekly income limit is based on the average working week at the National Minimum Wage; and ** figure is based on a similar differential between a family with one child and a family with two children.

In the *Roadmap for Social Inclusion*¹¹ the Government has a commitment to “reduce consistent poverty to 2% or less and to make Ireland one of the most socially inclusive countries in the EU.” Yet, according to the most recent SILC data Ireland’s consistent poverty rate has risen to 5.3%, while for people who are unemployed it is considerably higher at 18%. Commitment 25, under Goal Three of the Roadmap, states: “Consider and prepare a report for Government on the potential application of the benchmarking approach to other welfare payments.” It is essential that this work is undertaken as soon as possible; that this approach commits to benchmarking all social welfare rates at a level which is sufficient to lift people above the poverty line and provide them with a Minimum Essential Standard of Living; and to that end it will be vital that the proposed Working Age Payment plays its part in achieving such an outcome.

STRAWMAN FOR A PAY-RELATED JOBSEEKER’S BENEFIT SCHEME CONSULTATION QUESTIONS

In the document entitled *A Strawman Public Consultation Process for a Pay-Related Jobseeker’s Benefit Scheme in Ireland* twenty-nine questions were posed, at the end of Section 3 and the five sub-sections of Section 4. In the following table, the INOU responds to each of these questions, however we do not reiterate the text in the main body of the document, but we do reference the relevant page.

Section 3 Questions	INOUE Comments
Is the rationale for the introduction of PRB sound?	<ul style="list-style-type: none"> The rationale for the introduction of a Pay Related Benefit is sound. However, the current proposal will not address the income shock of all people who become unemployed, and will leave others trying to manage on a more inadequate payment. <i>Please see pages 4-7.</i>
Are there other arguments that could be made for or against the introduction of a PRB?	<ul style="list-style-type: none"> The arguments for a PRB are clearly laid out, however it would be better if a Pay Related element was paid alongside an Unemployment / Jobseeker’s Benefit payment to ensure no-one is left less well than under the current arrangements. <i>Please see pages 7-9.</i>
What are the risks (including fiscal, labour market, social inclusion, equity) that need to be considered in introducing a PRB?	<ul style="list-style-type: none"> The current proposal risks leaving people who are on low wages, and / or have dependents worse off, making the journey back into employment harder as they struggle to make ends meet. The proposed duration is too short for the person to have any meaningful engagement with the Public Employment Service, or to be able to access appropriate education and training programmes.

¹¹ Reference: <https://www.gov.ie/en/organisation-information/be955a-social-inclusion-division/#key-policy-information>

<p>How can the potential risks be mitigated?</p>	<ul style="list-style-type: none"> ▪ The Department should re-introduce a Pay Relate Payment to the person’s Jobseeker’s Benefit Payment, which would ensure more people would be better off, and no-one should be worse off than they are on the current Jobseeker’s Benefit payment. <i>Please see pages 7-9.</i> ▪ Extend the duration on JB so that people who need supports to re-enter paid employment are given the time and supports to do so. <i>Please see pages 1-4.</i>
<p>Do you agree that social insurance rates, for employees and employers, should be increased to cover the additional costs to the Social Insurance Fund (SIF) or the Exchequer (which is the residual financier of the SIF) that may arise as a result of the introduction of a PRB scheme for jobseekers?</p>	<ul style="list-style-type: none"> ▪ Chapter 10 of the Commission on Taxation and Welfare report looks at this issue. The INOU felt a number of the recommendations appeared reasonable. However, for a lot of people the only work on offer is low paid employment, which leaves many people struggling to deal with the negative impact of in-work poverty. Introducing PRSI on income below €352 pw would exacerbate this problem, while a more constructive way to address the step effect as people’s income goes over €352 pw should be developed.
<p>What are the implications of extending a PRB model to other short-term income supports such as Parents Benefit, Maternity Benefit, or Illness Benefit? Are there deadweight effects?</p>	<ul style="list-style-type: none"> ▪ This would need to be handled with great care and must strive to ensure that no-one is worse off than the current arrangements.
<p>Section 4.1 Questions</p>	<p>INOUE Comments</p>
<p>Do you agree with the proposed coverage of the PRB system?</p>	<ul style="list-style-type: none"> ▪ A number of issues could arise with the rationale for the proposed coverage. For example, people working part-time, who are seeking full-time employment, may not be eligible for a means-tested payment because of their personal or family circumstances and so the proposed new Working Age Payment may not be a feasible option for them. ▪ With regard to Systematic Short-Time Work Support Scheme, learning from Covid-19 interventions would be advisable - i.e. the Temporary Wage Subsidy Scheme and Employment Wage Subsidy Scheme.
<p>Do you agree that people already in receipt of Jobseeker’s Benefit when PRB is introduced, should stay on that payment during a transition period until their benefit expires (paragraph 2 above)?</p>	<ul style="list-style-type: none"> ▪ Yes, especially if the current proposal is not changed to address the concerns we have raised. In fact, an option for people to go on a Jobseeker’s Benefit payment should be maintained, and applicants allowed to access it if they would be worse off on the proposed Pay Related Benefit.
<p>Do you agree with the approach to self-employed workers set out at paragraph 3 above?</p>	<ul style="list-style-type: none"> ▪ Yes
<p>Do you agree with the approach to casual and part-time workers set out at paragraphs 4, 5 and 6 above? Of the options</p>	<ul style="list-style-type: none"> ▪ As noted above, the INOU are concerned that people working part-time who are seeking full-time employment may not be eligible for a means-tested payment

<p>set out – a modified version of the existing Jobseeker’s Benefit approach or a move to a Working Age Payment model - which would you prefer? Are there alternative approaches that you believe may be preferable?</p>	<p>because of their personal or family circumstances. As a consequence the proposed new Working Age Payment may not be a feasible option for them.</p> <ul style="list-style-type: none"> ▪ In these circumstances an option for people to go on a Jobseeker’s Benefit payment should be maintained, and it would be important to ensure that unemployed people are supported to maximise their income.
<p>What are your views on the way in which a PRB scheme could be used to address short-term disruptions to employment (paragraphs 7 and 8)? Do you favour an approach involving a direct social welfare payment to the person concerned or a payment via the employer payroll – in the latter approach, what are your views on the question of whether employers should be required to pay a top-up to ensure that a person receives the equivalent of their normal wage?</p>	<ul style="list-style-type: none"> ▪ As noted above it would be important for the Department to take the learning from Covid-19 interventions - the Temporary Wage Subsidy Scheme (TWSS) and Employment Wage Subsidy Scheme which replaced the TWSS – and devise a scheme that works for all of the stakeholders, ensuring that employees stay linked to their employment and employers play an active role in the maintenance of this link.
<p>Section 4.2 Questions</p>	<p>INOUE Comments</p>
<p>Do you agree to the proposal to base the assessment of eligibility for PRB on more recent employment and contribution records?</p>	<ul style="list-style-type: none"> ▪ This proposal appears to be reasonable.
<p>If so, are the proposed conditions (26 paid contributions in the prior 12 months with at least 4 in the prior 10 weeks) appropriate? If not, what conditions would you propose?</p>	<ul style="list-style-type: none"> ▪ This proposal appears to be reasonable.
<p>Do you agree with the rationale and the proposal to set the minimum number of paid contributions to access PRB the same as that currently required to access Jobseeker’s Benefit?</p>	<ul style="list-style-type: none"> ▪ This proposal appears to be reasonable.
<p>Do you believe that engagement with the Public Employment Service to assist people to return to employment should be strengthened if PRB is introduced? If yes, please advise details of the type of engagement that should take place and the level of frequency.</p>	<ul style="list-style-type: none"> ▪ The INOU has long argued that 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. ▪ Figure 6 on page 33 of <i>Pathways to Work 2021-2025</i>¹² 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

¹² Reference: <https://www.gov.ie/pdf/?file=https://assets.gov.ie/152608/090ec83f-7e86-4419-a63c-d3ee92bbce4a.pdf#page=null>

	<p>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.</p> <ul style="list-style-type: none"> Given that the proposal is for this payment to only last six months, it is highly unlikely that the recipients will have much engagement with the PES, and even less with education and training supports as their duration of unemployment makes them ineligible for most of these supports.
Section 4.3 Questions	INOUE Comments
What is your opinion of the proposed approach to the level of benefit payable under a PRB, i.e., that the rate of payment a person receives under the scheme is directly linked to their previous employment earnings using a fixed percentage of previous earnings rather than using bands?	<ul style="list-style-type: none"> As outlined on pages 4-7, the INOU is concerned that people in certain circumstances will be worse off on the proposed PRB. On pages 7-9 we look at how a pay related payment fitted into an Unemployment Benefit payment in the past and would recommend that such an approach is re-visited to ensure that no-one is worse off under the new proposal.
What is your opinion of 60% of prior gross earnings as an appropriate rate of payment for people with five or more years of paid contributions? If you favour an alternative approach, please set that out and explain your rationale.	<ul style="list-style-type: none"> Please see above.
What is your opinion of 50% of prior gross earnings as an appropriate rate of payment for a person with at least two but less than five years of paid contributions? If you favour an alternative approach, please set out the detail and rationale.	<ul style="list-style-type: none"> Please see above.
Do you agree that the rate of payment should be based on previous earnings gross of tax and other statutory deductions rather than net of such deductions? – If not, why would you prefer a calculation based on net salary?	<ul style="list-style-type: none"> This part of the proposal appears to be reasonable.
Do you agree with proposed weekly payment cap (€450/€300) and proposed weekly payment floor (€100)?	<ul style="list-style-type: none"> The weekly floor is essential otherwise the new PRB would be even lower than the current lowest rate of JB. With cap, in effect anyone on an average wage who has worked for more than five years their PRB% is 49%. While for anyone who has worked for less than five years their PRB% is 33%. The proposed caps are only viable if the PRB is brought in as part of a Jobseeker's Benefit payment as it was in the past. <i>Please see pages 7-9.</i>

<p>The proposal is for a flat rate of payment over the duration of the claim. Do you support this approach, or do you believe that the rate of payment should be graduated (e.g. in some countries a higher payment is made initially, which decreases over time)?</p>	<ul style="list-style-type: none"> As noted earlier the INOU has concerns about the proposed PRB and the level of support it will offer some unemployed people and their families. As noted on page 9 Ireland had a graduated PRB in the past, but this was not a standalone payment, but one part of the potential income supports for people in receipt of Unemployment Benefit.
<p>Do you agree with the approach to using a 12-month period for calculation of average salaries? If not, what alternatives would you propose, and why?</p>	<ul style="list-style-type: none"> This part of the proposal appears to be reasonable.
<p>Section 4.4 Questions</p>	<p>INOUE Comments</p>
<p>Do you agree with the proposed duration for a PRB (6 months)? If not, what duration would you propose and why? If you would prefer a longer duration, how would you propose that the extra duration be funded?</p>	<ul style="list-style-type: none"> As noted earlier the INOU believes the proposed duration of six months is too short, and will leave people who do not make the transition to a Jobseeker's Allowance payment outside of education, training and employment supports and services. It is important to look at cost in the broadest sense: there is the personal cost to the person who remains unemployed but cannot access the necessary supports and services; there is the social and economic cost of people remaining inactive; there are the targets set at an European and Irish levels that require significantly more people to be involved in lifelong learning than are currently; and there are significant transitions underway, for example digital and green, that require people to be able to navigate and adapt successfully to a changing world of work.
<p>Would you prefer a staggered approach where payment rates drop incrementally the longer you remain on the payment? e.g. after 3 months?</p>	<ul style="list-style-type: none"> As noted earlier the INOU has concerns about the proposed PRB and the level of support it will offer some unemployed people and their families. As noted on page 9 Ireland had a graduated PRB in the past, but this was not a standalone payment, but one part of the potential income supports for people in receipt of Unemployment Benefit.
<p>What are your views on the potential impact of the PRB on the labour market, and whether the payment of the support for a shorter period will mitigate the negative effect that increased replacement rates can have on work incentives?</p>	<ul style="list-style-type: none"> As noted in Tables 1 to 3 there are unemployed people for whom the proposed Pay Related Benefit would result in a lower social welfare payment than they would receive currently under a Jobseeker's Benefit payment. A striking feature of the Covid-19 pandemic was how many people went back to work once the labour market re-opened, demonstrating the positive impact of more adequate income supports on people's ability to manage periods of unemployment.

What is your view of the proposed rules for requalification for the scheme, i.e., that a person will be eligible for PRB for a maximum of 6 months in any 24-month period?	<ul style="list-style-type: none"> This could be particularly difficult for some people if they lose their job, acquire a new one at the end of six months, and that job last less than two years. In particular if they are ineligible for a Jobseeker's Allowance payment for personal or family reasons.
Section 4.5 Questions	INOUE Comments
Do you agree with the principle of moving away from a 'days worked' model to an earnings-based model similar to that used for Working Family Payment? If not, why not?	<ul style="list-style-type: none"> Yes, such a move has been long sought by the INOU. However, as noted on pages 9-11, the INOU would be concerned if the proposal was intended as a broader change to the Jobseeker's Allowance payment, rather than as a development to support people to be able to take up a wider variety of work.
What are your views on the appropriate level for an earnings threshold (a) for a single person (b) for a couple without children?	<ul style="list-style-type: none"> Further work would be required to define these levels. In Table 4 on page 11: <ul style="list-style-type: none"> €375 was used as the weekly income limit for a single person, it is based on the average working week at the National Minimum Wage; and €505 was used as the weekly income limit for a couple, it is based on a similar differential between a family with one child and a family with two children.
Do you agree to the 60% taper/withdrawal rate? If not, what rate would you suggest and why?	<ul style="list-style-type: none"> Such a taper / withdrawal rate would be fine if it was used to ascertain the level of in-work support an unemployed person could receive if they took up employment. However, as Table 4 on page 11 illustrates, it would throw up new problems for some families if it was used to ascertain those families level of social welfare support.

Thank you for your time and consideration

Contact:

Bríd O'Brien

INOUE Head of Policy and Media

Email: policy@inou.ie