

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. (COTW Report xxv)

INOUE Submission to the Select Committee on Budgetary Oversight on the Commission on Taxation and Welfare's Report



January 2023

Introduction

“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 the 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.

Recent Statistics

On November 24th 2022, the Central Statistics Office (CSO) published the Labour Force Survey (LFS) for the third quarter of 2022, which covers the months July to September. 2,554,300 people were employed in this quarter: an increase of 83,000 on Q3 2021. The uplift in full-time employment accounted for 97% of the total employment increase. For the second quarter in a row over two million people were in full-time employment in Ireland. The employment rate was 73.2%, an increase of one percentage point over the year. Women accounted for 40.7% of people in full-time employment in Quarter 3 in both 2021 and 2022.

Part-time employment increased by 0.4% to 535,500. Women accounted for 68% of people in part-time employment. Part-time underemployment decreased by 0.7% to 109,300 people, however it increased for women by 5.9% to 68,300. In Q3 2022, women accounted for 62% of people who described themselves as underemployed.

Over the year the Labour Force rose by 53,100 to 2,673,400. The labour force consists of people who are in employment plus people who are unemployed. Two factors influence changes in the Labour Force, the demographic effect, which was positive (+60,300); and the participatory effect, which was negative (-7,200).

The participation rate in Q3 2022 was 64.8%, a decrease of 0.3 percentage points on the Q3 2021. The participation rate measures the share of the total population aged 15 years and over who are in the labour force. Over the year the participation rate decreased for women from 59.8% to 58.9%, but for men it increased slightly, from 70.5% to 70.8%. The participation rate for people aged 15-24 decreased over the year by 2.8 percentage points

to 54.3%. People aged 60-64 saw the biggest increase in their participation rate, going from 55.3% in Q3 2021 to 60.2% in Q3 2022.

In Q3 2022, 119,100 people were unemployed: a decrease of 30,000 people over the year. The unemployment rate was 4.5%, a decrease of 1.2 ppt over the year. The unemployment rate for women was 4.8%, an annual decrease of one percentage point; while the unemployment rate for men decreased by 1.5 ppt over the year. Women accounted for 47% of the unemployed in Q3 2021, but this increased to 50.1% in Q3 2022.

The number of people deemed long-term unemployed decreased by 33% to 30,200 people, while the long-term unemployment rate decreased by 0.6 percentage points to 1.1%. In Q3 2022, the long-term unemployed accounted for 37% of the overall unemployed figure, an increase of seven percentage points. In Q3 2022, women accounted for 41% of the long-term unemployed, the same as the third quarter in 2021.

The Principal Economic Status (PES) captures data on how people described themselves, for example whether they are at work or unemployed or a student or on home duties. In Q3 2022, 158,200 people described themselves as unemployed, a decrease of 27,500 on Q3 2021.

The Potential Additional Labour Force (PALF) captures people who may not fit into the official definition of unemployment, whereby people have to be actively seeking work for the previous four weeks and available to take up work in the coming two weeks of the survey. In Q3 2022, PALF stood at 73,100 people, a decrease of 32,900 over the year. In their release, the CSO noted that the two main *reasons for people not seeking work or being available to work as a percentage of persons who wanted to work but were not seeking or available for work* were that (i) people had an illness or disability; or (ii) had care responsibilities / personal family reasons. These two reasons were higher in Q3 2022 in comparison to the third quarter in 2021 and 2020.

Commission on Taxation and Welfare

In their consultation process, the Commission on Taxation and Welfare asked what works well and what does not in Ireland's tax and social welfare system. In our response, the INOU noted that we are keenly aware that though existing social welfare rates leave many people struggling on a day-to-day basis, which real inflationary pressures are exacerbating, the fact that there is a floor below which people should not fall is a welcome aspect of the Irish system. However, as this floor is not universally available, a significant number of unemployed people can find themselves unable to access supports once their Jobseeker's Benefit payment comes to an end as their personal or family circumstances make them ineligible for the means-tested payment Jobseeker's Allowance. The rule bound nature of Ireland's social welfare system leaves many people outside of its net and related services,

creating difficulties in accessing employment, education and training programmes designed to assist people to re-enter the labour market or attain better employment.

On September 14th, 2022, the report from Commission on Taxation and Welfare (COTW) was published. Amongst the key messages in the Executive Summary are that:

- *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.*
- *Working-age payments should be reformed to move towards a working-age assistance payment available to all households. The existing system of child income support should be enhanced with a second level of child income support, in addition to Child Benefit, for low-income households. These reforms could usefully be progressed in tandem. (p xxv)*

The report contains eighteen chapters, and of particular interest to the Irish National Organisation of the Unemployed (INOUE) are chapters ten, eleven and twelve which focus on labour markets and social protection systems; promoting employment; and inclusive and integrated social protection. The INOUE welcomes the opportunity to make a submission to the Select Committee on Budgetary Oversight on Chapters nine to twelve.

Chapter 9: Promoting Enterprise

The focus and recommendations in this chapter are very much on the tax system and its interaction with the various parts of the private-for-profit enterprise sector. Yet, for some people who experience discrimination or exclusion in the labour market self-employment can be an important avenue to address their unemployment. The Back to Work Enterprise Allowance (BTWEA) is an important support to facilitate them to do this¹.

According to the latest figures there were 2,356 participants on BTWEA in October, 2022, an increase of 11 over the past year. The scheme runs for two years, but the INOUE believes that an additional year should be introduced to support people to make the most of this option with the participant retaining 50% of their social welfare payment in the third year. Such a development could be part of the Government's expressed wish in the *Economic Recovery Plan* that "A range of measures will be introduced to support young people, disadvantaged groups and people distant from the labour market to find employment". (p15)

In the *Economic Recovery Plan 2021* the Government also noted the importance of "Supporting Social Enterprise, which can provide access to jobs for the most marginalised in society, including through the National Social Enterprise Policy 2019 – 2022 and the Working for Change: Social Enterprise and Employment Strategy". Resourcing community led social

¹ During the response to the 2008 financial crisis a Short-term Enterprise Allowance (STEA) was also introduced which facilitates people to transfer their Jobseeker's Benefit to this payment and seek to start their own business. In October 2022 there were 294 people on the STEA, 33 more people than October 2021.

enterprises to address issues of concern for them, and to empower people themselves to address their needs appropriately, is particularly important to ensure inclusive social and economic development.

In the section entitled *An Inclusive Approach* the Government said, *“An increased focus will be placed on building an inclusive society and labour market with greater emphasis on good quality employment, increasing participation and reducing barriers as the economy recovers, ensuring the benefits of the recovery are widely shared.”* Such a development is critical, and community based organisations have a key role to play *“as Ireland moves through the recovery, a space to discuss areas of shared concern affecting the economy, society, the environment, employment and the labour market more broadly must be ensured.”* (p53, ERP 2021)²

Layout of the response to Chapters 10 - 12

Under chapters ten to twelve particular aspects of the Commission on Taxation and Welfare’s report will be highlighted and commented on; followed by a consideration of the recommendations contained in each chapter, which tend to be on very specific issues rather than the broader range of topics considered in the particular chapter.

Chapter 10: Labour Markets and Social Protection Systems

In this chapter the COTW note *“A coherent approach to the design of the taxation and welfare systems will encourage labour force entry, encourage people to take up work, support people in work who are on low pay and facilitate progression from lower to higher earnings.”* (p226) The complexity of Ireland’s social welfare system is an issue raised regularly throughout the work of the INOU. This situation, coupled with uncertainty about how the taxation system might impact an unemployed person seeking to move from a welfare payment into work, can make such a move challenging. A challenge that can be exacerbated if the only available work does not have a regular pattern, leading to income uncertainty and insecurity.

The Irish tax and welfare systems must adopt a strong pro-active attitude to information dissemination, seeking to ensure that everyone living and working in Ireland is aware of their rights and entitlements, what they can seek and where, what information and documentation is required of them to engage with the tax or welfare systems. And though online engagement will be more conducive for many to facilitate such provision, it will be essential that people for whom online engagement is not feasible have full access to meaningful supports and services.

² The Economic Recovery Plan 2021 is available to download at <https://www.gov.ie/en/publication/49b23-overview-of-economic-recovery-plan-2021/#the-plan>

The report also states that *“In economic terms, social protection plays a major role in smoothing incomes and supporting aggregate demand for goods and services after an employment shock. In this way, it acts as an automatic stabiliser, protecting and enhancing human capital and productivity, contributing to inclusive growth and facilitating structural change.”* (p227) The COVID-19 pandemic demonstrated how flexible and supportive public administration can be: the roll-out of the Pandemic Unemployment Payment (PUP) was unprecedented in its scale and speed; PUP and the Enhanced Illness Benefit Payment provided timely and much better income supports to people who would otherwise have struggled at a very difficult and challenging time. For many people the opportunity to apply for these supports on-line and receive them into their bank accounts within a short period of time meant that there was no discernible difference to how they would receive their wages. An unemployed person should have the option to have their Jobseeker’s payment paid into their bank account, rather than being obliged to collect it in their local Post Office.

Later on this chapter the COTW note that *“Over the past decade, there has been a clear policy of developing the PES in line with international thinking that, for people of working age, social protection systems should be more ‘active’ i.e. provide support to jobseekers finding employment, as well as providing benefits.”* (p231) The downside to this approach is that the Public Employment Service becomes more interlinked with certain social welfare payments, in particular Jobseeker’s payments, the only payments to which Genuinely Seeking Work criteria apply. Such an approach does not lend itself to developing a person centred service inclusive of all people of working age, and leaves people who are unemployed and not in receipt of a payment outside of most labour market supports.

On page 246 the COTW notes that *“There must be a capacity to respond to greater demand for training and support where people are unemployed due to sectoral decline, where tasks are transferred to automated processes.”* This is a challenge that will also arise as Ireland seeks to decarbonise its economy. Over the years INOU affiliated organisations have noted that as good jobs are lost in their area, alternative employment too often has inferior pay, terms and conditions. Such a scenario not only throws up difficulties at the personal, familial and communal levels, but it also presents tax and welfare challenges at national level.

Eight recommendations are made in this chapter and the following table highlights them and the INOU’s consideration of what is proposed by the Commission.

Recommendations Chapter 10: Labour Markets and Social Protection Systems		
No.	Recommendation	Response
10.1	The Commission recommends maintaining a low entry threshold for access to social insurance.	<ul style="list-style-type: none"> Agreed

10.2	The Commission believes that a lower nominal rate of employee Pay Related Social Insurance (PRSI) should apply to earnings below the employee PRSI contribution threshold, currently €352 per week.	<ul style="list-style-type: none"> ▪ Access to a decent job is a key issue for the INOU³. 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 will exacerbate this problem. A more constructive way to address the step effect as people's income goes over €352 pw should be developed.
10.3	The Commission recommends that, with a view to broadening the Pay Related Social Insurance (PRSI) base, PRSI should be extended to all sources of employment income including, as a general rule, share-based remuneration.	<ul style="list-style-type: none"> ▪ This would appear to be a reasonable recommendation.
10.4	The Commission recommends that those over State pension age pay Pay Related Social Insurance on all income other than social welfare payments.	<ul style="list-style-type: none"> ▪ This recommendation would need to be handled with great care. Pro-active state policy to address older people's poverty rates have had a positive impact. The introduction of additional PRSI payments on non-social welfare income could prove challenging for some older people. It also raises the question of 'for what exactly would older people be paying into the PRSI pot': to support older people without additional income or younger people with lower income? ▪ At an INOU online event on improving Ireland's social welfare system participants raised concerns about a lack of information on what exactly PRSI contributions entitle people to; how people hear about it and are able to access their rights and entitlements; and the need for plain English communications.
10.5	The Commission recommends removing the Pay Related Social Insurance exemption on supplementary pension income (occupational and personal pensions, and public sector pensions).	<ul style="list-style-type: none"> ▪ Please see the reply above to recommendation 10.4

³ In 2020, with the assistance of IHREC's Grant Scheme, the INOU under a project on Decent Work, the report is available at https://www.inou.ie/assets/files/pdf/inou_decent_work_report_web.pdf

10.6	The Commission recommends that, in the interests of solidarity, the rate of charge for Pay Related Social Insurance (PRSI) on unearned income should remain aligned to the higher rate of PRSI applicable to employees on their income from employment generally.	<ul style="list-style-type: none"> ▪ This would appear to be a reasonable recommendation.
10.7	The Commission recommends that cliff-edges in the taxation and welfare systems should be removed.	<ul style="list-style-type: none"> ▪ In February, 2021 the INOU ran a number of online events entitled <i>Building a Better Social Welfare System</i> and amongst the issues raised at these events were: <ul style="list-style-type: none"> – The diversity of rules, the inconsistency of access and application across the system, a system that is often re-active rather than positively pro-active. – The issue of inadequate, inconsistent information arises for both people accessing information and support and people working in local organisations. – This issue arises with regard to the social welfare supports people may or may not be entitled to; what is or is not taxable; what supports are available for people who make the welfare to work journey; and what will be the difference in the income they obtain should they make this journey. ▪ So, while welcoming this recommendation, it would need to be handled with great care. In particular to ensure that the cliff edges are addressed constructively, and people see an improvement in their income.
10.8	The Commission does not support the development of a Universal Basic Income in Ireland.	<ul style="list-style-type: none"> ▪ Addressing the issue of income adequacy and ensuring unemployed people can enjoy a minimum essential standard of living is a critical issue for the INOU. The introduction of a Universal Basic Income (UBI) may help to address some of the welfare-to-work / welfare and work challenges unemployed people experience. However, it is questionable whether UBI would be established at a rate that would address the poverty experienced by people who

were unable to find and maintain decent employment.

Chapter 11: Promoting Employment

In this chapter the COTW notes that *“Maintaining a high level of well-paid employment and a continuous flow of good job opportunities in the future has been a core concern of the Commission throughout its work.”* At the INOU online events, *Building a Better Social Welfare System*, sustainability of jobs, the precarity and uncertainty of available work, and a sense that fulltime permanent jobs are reducing raised issues for people making the welfare-to-work journey, and those supporting them on the ground. It was also noted that there is a need to protect people who are in work and support those who are unemployed to be able to access decent jobs.

On page 265 the COTW states that *“In the world of work, the taxation and welfare systems have considerable influence. Both systems should work to make transitions into the labour force attractive, make Ireland an attractive place for Foreign Direct Investment (FDI), and provide a suitable level of income support when individuals experience unemployment.”*

Access to good social welfare and employment supports and services is critical, not only for people who are unemployed but, for Ireland’s social and economic development. In a changing world of work, everyone of working age needs to be able to access good information and supports to make informed and sustainable employment decisions.

Section 11.3.5 is entitled *The Public Employment Service* and in this section the COTW given welcome recognition to the fact that *“Jobseekers are not a homogenous cohort and the requirements of other cohorts may be even more diverse, requiring a range of responses from the PES.”* (p276)

Ten recommendations are made in this chapter and the following table highlights them and the INOU’s consideration of what is proposed by the Commission.

Recommendations Chapter 11: Promoting Employment		
No.	Recommendation	Response
11.1	The Commission recommends that secondary benefits for people of working age should be designed on a cross departmental basis to ensure coherence, with negative work incentives minimised and benefits targeted appropriately and effectively. To ensure appropriate integration and	<ul style="list-style-type: none"> When seeking an increase in social welfare payments in the annual Budgetary process the INOU would also call on the Government to <i>“adjust related supports so that people do not lose this increase through, for example, an increase in their differential rent.”</i> Amongst the issues that come up regularly through the INOU’s work are the fears the

	<p>tapering of secondary benefits with the existing framework of income supports, an assessment of the impacts of any new benefit should be conducted before new schemes are introduced. Other departments should consult with, and take advice from the Department of Social Protection in respect of any means tested payments. All agencies making decisions on eligibility should have access to the same high-quality information.</p>	<p>people have of what they may lose if they take up work.</p> <ul style="list-style-type: none"> ▪ Currently, there is a lack of consistent information provided by the Department of Social Protection and others on what supports are available, and what supports people would be able to retain when making the welfare to work journey. ▪ This recommendation is welcome, but it will require a focused and consistent level of cross departmental and agencies work to ensure on-going improvements for unemployed people and others reliant on welfare supports.
11.2	<p>The Commission notes that a number of recommendations in this report will affect the cost of employment and is cognisant of other policy developments (including, for example, changes in respect of statutory sick pay, auto-enrolment, etc.) that will also affect employers' costs over the medium term. There is a need to coordinate and manage the phased introduction of such reforms. The Commission therefore recommends the establishment of appropriate coordination mechanisms to monitor the cumulative effect of policy-related labour cost changes on enterprise and the self-employed.</p>	<ul style="list-style-type: none"> ▪ This would appear to be a reasonable recommendation.
11.3	<p>The Commission believes that only one rate of employer Pay Related Social Insurance (PRSI) equal to the higher rate (currently 11.05 per cent) should apply on all weekly incomes, and that the lower rate of employer PRSI, which currently applies on incomes up to €410 per week, should be gradually phased out.</p>	<ul style="list-style-type: none"> ▪ This would appear to be a reasonable recommendation.
11.4	<p>To minimise the distinctions between legal forms and to treat similar activity in similar ways the</p>	<ul style="list-style-type: none"> ▪ This would appear to be a reasonable recommendation.

	Commission endorses the principle that the rate of Pay Related Social Insurance (PRSI) on self-employment (Class S) should be aligned over time with the employers rate of Class A PRSI attaching to employment (currently 11.05 per cent).	
11.5	The Commission recognises that the Universal Social Charge surcharge on non-Pay As You Earn (PAYE) income above €100,000 does not comply with the principle of horizontal equity and recommends that the tax treatment for all income earners should be aligned.	<ul style="list-style-type: none"> ▪ This would appear to be a reasonable recommendation.
11.6	The Commission recommends a phased move towards individualisation of the Standard Rate Cut off Point as a step towards addressing disparities in the Income Tax system, facilitating increased employment, and decreasing the gap in the employment rate between men and women.	<ul style="list-style-type: none"> ▪ This would appear to be a reasonable recommendation.
11.7	The Commission recommends that the Public Employment Service (PES) should provide advice based on the employment trajectories of people with similar characteristics, with analysis of the outcomes of PES programmes informing the particular programmes at specific points in the economic cycle.	<ul style="list-style-type: none"> ▪ It would be important that the implementation of this recommendation is informed by the <i>Public Sector Equality and Human Rights Duty</i>. ▪ This duty is a legal obligation under the Irish Human Rights and Equality Commission Act 2014, Section 42 (1) which states: “A <i>public body shall, in the performance of its functions, have regard to the need to —</i> <ol style="list-style-type: none"> <i>eliminate discrimination,</i> <i>promote equality of opportunity and treatment of its staff and the persons to whom it provides services, and</i> <i>protect the human rights of its members, staff and the persons to whom it provides services.”</i>
11.8	The Commission believes the range of Active Labour Market	<ul style="list-style-type: none"> ▪ While welcoming this recommendation, how it will be implemented will be critical.

	<p>Programme offerings should be led by rigorous evidence and evaluation of their net impact on the jobseeker's long-term employment prospects.</p>	<p>Participation on an active labour market programme can be a big step for some unemployed people, and it is important to capture the value of such participation and the contribution that the participants make through these programmes.</p> <ul style="list-style-type: none"> ■ Participation on ALMP is not always valued out in the wider labour market and this is an issue that the Department of Social Protection and other Government Departments must address. ■ Identifying the skills and work experience that participants have gained, how this could be transferred to the wider labour market, ultimately leading to a decent job, would also be important.
11.9	<p>The Commission recommends expanding employment services to recipients of other income support payments. The Public Employment Service must be adequately resourced to deliver these services.</p>	<ul style="list-style-type: none"> ■ In the INOU's publication <i>A Quality Public Employment Service</i>⁴ (PES) we note that the key components are: <ul style="list-style-type: none"> – Clear communication – A positive approach – Proactive support – Building relationships and networking – Co-operation – Building links with employers – Provision of clear, accurate and timely information – Good data collection and monitoring and – Suitable and supported staff. ■ These key components would be underpinned by the following values and principles: <ul style="list-style-type: none"> – Belief in the potential and capacity of the person – Respect and dignity – Informed choice – Working in partnership with person using the service – Working in partnership with other organisations, including education and training providers and a range of community and statutory support agencies – Actively promoting equality and social inclusion

⁴ This report is available at https://www.inou.ie/assets/files/pdf/building_a_qpes.pdf

		<ul style="list-style-type: none"> – Enabled by an ethos of continuous professional development; effective recruitment; and good management. ▪ It would be important that the implementation of this recommendation is informed by these values and principles, and key components of a quality Public Employment Service (PES). ▪ To build a truly inclusive labour market, the PES should be a service fully available to everyone, not only those in receipt of a Social Welfare payment. For instance, it would be useful if those seeking to change jobs were to use the PES by choice⁵.
11.10	The Commission recommends that a model of employment services, similar to that currently in place for lone parents, be extended to qualified adults.	<ul style="list-style-type: none"> ▪ At the INOU online events on <i>Building a Better Social Welfare System</i> participants felt it was important that the person's engagement with the activation process be recognised, that the development of the personal progression plan should carry more weight, and that more tailored supports and flexibility are required. The latter point is particularly important if individualisation becomes the norm and existing services are opened to a wider group of people, in particular women, who may not be available for or seeking full-time work because of their other responsibilities.

Chapter 12: Inclusive and Integrated Social Protection

The important role played by social protection supports in so many people's lives is captured in the following quote from this chapter: *"For those of working age, social protection systems serve to temporarily replace income lost to periods of, for example, unemployment, injury, disability, sickness, paternity or maternity. In cases where earnings from employment are insufficient to avoid poverty or social exclusion, social protection measures provide a floor below which income will not fall. The social protection system also facilitates participation in employment and provides pathways to restoring people's earning capacity after any of the above contingencies. The principal economic argument for social protection is the mitigation and sharing of risk across society."* (p288)

⁵ In Future Jobs Ireland 2019 one of the deliverables was to *"Enhance the career advice service provided through the Public Employment Service to include offering support to those currently in employment who may need to identify new opportunities as a result of technological and other changes."* (p57) This report is available at <https://enterprise.gov.ie/en/publications/publication-files/future-jobs-ireland-2019.pdf>

On the same page the COTW also noted that *“A key function of the social protection system is to act as a safety net for those at risk of poverty. It follows, therefore, that social welfare rates must be adequate in order to effectively provide such a safety net.”*

Further on in the report, on page 295, the Commission states *“However, while the relationship between benefit rates and earnings needs to be monitored, the Commission is not convinced that rates of social welfare payments are suppressing labour supply at present in Ireland.”* A key lesson from the Covid-19 crisis and the enhanced level of payment people received through the Pandemic Unemployment Payment (PUP) was that supporting people to manage their period of unemployment better does not impede people returning to work. In the first lock down over 600,000 people were in receipt of the PUP, by the time the payment was phased out in 2022 less than 30,000 people transferred across to a Jobseeker’s payment. Notwithstanding the impact of Covid-19, the cost of living crisis, and the impact of the war on Ukraine, Ireland is experiencing historically high levels of employment, as outlined in *Current Statistics* on page one of this submission. Now is the time to make real progress on the fourth strand of the *Pathways to Work 2021-2025* strategy which focuses on *Working for All – Leaving No One behind*.

Six recommendations are made in this chapter and the following table highlights them and the INOU’s consideration of what is proposed by the Commission.

Recommendations Chapter 12: Inclusive and Integrated Social Protection		
No.	Recommendation	Response
12.1	The Commission recommends that Government undertakes a regular benchmarking exercise in respect of all working-age income supports (including supports for people who are unemployed, people with disabilities and people parenting alone), following which multi-annual targets should be set for social welfare rates which provide for regular incremental progress. Annual increases in social welfare rates should be based on a transparent and evidence-led process.	<ul style="list-style-type: none"> A key concern for the INOU is that the issue of income adequacy is properly addressed and that social welfare payments are set at a level that (i) lift people above the poverty line and (ii) supports them to meet a minimum essential standard of living (MESL), which should be informed by the work of the Vincentian MESL Research Centre.
12.2	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	<ul style="list-style-type: none"> Over the years the INOU has called on the Government to <i>“Introduce a work-friendly Social Welfare system for Jobseekers reflective of changing work practices, based on hours worked rather than days worked.”</i> In <i>Pathways to Work 2021-2025</i> there is an

	<p>be designed so as to avoid subsidising low-paid employment.</p>	<p>action, Commitment 43, to <i>“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.”</i></p> <ul style="list-style-type: none"> ▪ On December 7th the Minister for Social Protection opened a public consultation on <i>Pay-Related Benefit for Jobseekers</i>, within the consultation document there is an outline of a <i>Working Age Payment</i>. Amongst the points made is that <i>“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.”</i> ▪ The Department are proposing a payment based on the Working Family Payment. The INOU notes the potential of such an approach, but a substantial body of work would need to be undertaken to see if this approach would address the current challenges, and consider what new ones it may create.
12.3	<p>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.</p>	<ul style="list-style-type: none"> ▪ In the INOU’s Pre-Budget submission we called on the Government to re-introduce pay-related Jobseeker Benefit (JB) payments and restore its duration. ▪ Depending on the person’s number of PRSI contributions, JB is currently paid for a maximum of 9 months or 6 months. Prior to the 2008 crisis the maximum duration was 15 months or 12 months. ▪ On December 7th the Minister for Social Protection opened a public consultation on <i>Pay-Related Benefit for Jobseekers</i>. The key proposals include: <ul style="list-style-type: none"> - <i>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</i>

		<p>week (almost 50% of the gross adjusted average industry weekly earnings).</p> <ul style="list-style-type: none"> - 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). - The duration of benefit would be 6 months compared to 6–9 months for Jobseeker's Benefit. On expiry of benefit, after 6 months, any person still unemployed would be eligible to apply, as now, for the Jobseeker's Allowance scheme or any replacement to that scheme. ▪ The INOU are concerned at the proposed further cut in the duration of a Jobseeker's Benefit payment. Not everyone who has become unemployed finds a new job within six months; people on a JB payment do not automatically end up on a Jobseeker's Allowance (JA) payment. JA is a means tested payment and depending on the person's personal and family circumstances they may not make the transition from JB to JA. This can leave a person who remains unemployed without relevant supports and services. ▪ The INOU is exploring the other proposals in the Department's consultation document: they are pay related up to a point, with length of employment potentially carrying more weight than level of pay.
12.4	The Commission does not recommend that Child Benefit should be subject to tax.	<ul style="list-style-type: none"> ▪ This would appear to be a reasonable recommendation.
12.5	The Commission recommends that the existing system of child income supports should be reformed to facilitate the introduction of an income related second tier of child income support in addition to Child Benefit that combines existing supports and that would be	<ul style="list-style-type: none"> ▪ Agreed

	provided to all low-income households, whether in receipt of a social welfare payment or not.	
12.6	The Commission recommends that the individualisation of payments made to qualified adults be progressed. This should be guided by the set of principles outlined by the Commission.	<ul style="list-style-type: none"> ▪ This would be a welcome development. ▪ The Social Welfare Act 2022 will extend eligibility for participation on Community Employment Schemes to spouses, civil partners or cohabitants of Jobseeker's Allowance recipients, which is a small step in the right direction. ▪ Also please see the response to recommendation 11.10 on page 9-10.

Thank you for your time and consideration

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