



European Anti-Poverty Network (EAPN) Ireland

Carmichael House, 4 Brunswick Street North, Dublin 7

European Anti-Poverty Network (EAPN) Ireland Submission to Public Consultation on Pay-Related Benefit for Jobseekers

The European Anti-Poverty Network (EAPN) Ireland welcomes the opportunity to provide a submission to the Public Consultation on Pay-Related Benefit for Jobseekers. This submission addresses the proposals of the strawman in the context of, and with regard to how they may contribute to, the eradication of poverty and social exclusion, and the fulfilment of Ireland's anti-poverty commitments, including under the Programme for Government: Our Shared Future, the Roadmap for Social Inclusion 2020-2025, the European Pillar of Social Rights, and the UN Sustainable Development Goals (SDGs). The Roadmap for Social Inclusion aims to reduce consistent poverty to 2% or less by 2025, a commitment also contained in the Economic Recovery Plan.

EAPN Ireland recognises that the Strawman proposals for a Pay-Related Benefit for Jobseekers would represent a major reform of Ireland's Social Protection system should they be implemented. Our priority for reforming Ireland's social protection system is to address the issue of income adequacy first. As such, our primary concern is that the proposed scheme would help to guarantee a minimum standard of living and a decent life for all, and enable people to fully participate in society. A well-designed and effective social protection system should play a vital role in ensuring income adequacy for all and – when coupled with enabling essential services – could provide a route out of poverty to those people who are most in need. The current Jobseeker Schemes are failing to lift people out of poverty. Establishing a Pay-Related Jobseeker's Benefit should be part of a broader impetus to improve standards and ensure income adequacy across all social welfare payments. As such, it is crucial that the new scheme does not entrench the current flaws in the system or, indeed, create a hierarchy among welfare recipients. Should the PRB be implemented, we would want to see it as just one part of a social welfare system that is predicated on adequate income for all, and a comprehensive, human rights-based, person-centred active inclusion approach. In this way, the introduction of a PRB could be the cornerstone of a more equal and socially-just social protection system that works for Irish society, if sustainably financed through a redistributive and progressive tax system.

Below we outline in greater detail our assessment and concerns regarding the draft Strawman proposals, followed by our recommendations.

Level of Benefit – Income adequacy and proposed rates of payment

Our key concerns with the proposals relate to whether or not the proposed rates of payment address income adequacy. EAPN Ireland has consistently advocated for income adequacy to be prioritised at a Government level as a fundamental means of addressing and preventing poverty and social exclusion. The right to an adequate income which allows people to participate fully in society and to live with dignity is enshrined in international human rights law and standards, the UN Sustainable Development Goals and the European Pillar of Social Rights. This right does not differentiate regarding the source of income, whether through employment or social welfare. In this regard, our social welfare system should ensure that everyone, at whatever stage in life and whether working or not, has an income that allows them to live with dignity and take a full part in society. Comprehensive, adequate social protection for all is a prerequisite for combatting poverty and social exclusion. However,

Ireland's social welfare support is not based on the cost of living and what is adequate to lift people out of poverty. Many people who are dependent on social welfare cannot afford a decent standard of living and are living in poverty. Both the CSO Survey on Income and Living Conditions (SILC) and the Minimum Essential Standard of Living (MESL) research have consistently shown that many people on social welfare are not in receipt of an income that allows them to achieve a decent standard of living and are living in poverty. Most recently, the CSO SILC 2022 figures showed that those most at risk of poverty in 2022 were people who are unemployed (35.6%, up from 23.2% in 2021). People who are unemployed are more likely to be experiencing higher rates of enforced deprivation (48.6%). Eighteen percent of people who were unemployed were living in consistent poverty compared to 5.3% for the population as a whole. Without adequate social welfare, households may become entrenched in intergenerational poverty, are limited in their access to necessary supports and services in order to meet basic needs, as well as ongoing social isolation and the disintegration of community fabric in disadvantaged areas. Thus, a failure to effectively address income inadequacy in social welfare rates represents a major barrier to Ireland meeting its poverty-reduction targets and commitments.

Income adequacy is a core element of the European Pillar of Social Rights. We welcome the Strawman's statement that the development of a pay-related benefit must conform with Principle 13 of the European Pillar of Social Rights (EPSR). Beyond Principle 13, the EPSR also contains additional commitments relevant to the proposed PRB, and we urge that the proposed PRB is designed and implemented in such a way that it effectively honours the commitments of EPSR Principles 12 and 14. Principle 12 states that "[r]egardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection." Principle 14 enshrines the right to minimum income, for everybody, throughout their lives, that is adequate, accessible, and enabling, underpinned by social rights and a human rights approach. In this regard, the European Council Recommendations on Minimum Income are instructive, and we urge that the PRB proposals align with the Recommendation's requirement of income adequacy, and the use of suitable benchmarking to achieve this. EAPN Ireland has consistently advocated for the right to adequate minimum income to underpin all social protection schemes.

We are concerned that the lowest rates of payment fail to provide income adequacy and would result in those eligible only for these lower payment rates falling behind the cost of living. We are particularly concerned that the proposed weekly payment floor of €100, suggested in Section 4.3.11, is exceptionally low and falls far short of providing income adequacy. Similarly, the rates outlined in Tables 3a and 3b indicate that on the lowest rate recipients would receive weekly payments of €271, if they have at least 260 contributions, and €226 if their contributions are below this amount. For someone on these rates who has dependents, this will result in a very inadequate income. While these payments are higher than the equivalent flat rates a person currently receives under the Jobseeker's Benefit scheme, they notably all fall below the cost of living. This is indicative of a fundamental failure of Ireland's social protection system to guarantee adequate income, and must be addressed if the proposed scheme is to be effective and honour Ireland's national and international anti-poverty commitments.

EAPN Ireland has consistently called for all social welfare rates in Ireland to be benchmarked against a level which is adequate to lift people above the poverty line and provide them with a Minimum Essential Standard of Living¹. This represents a basic standard which allows individuals to live with dignity and below which nobody should have to live. The Minimum Essential Standard of Living (MESL) provides for an income that represents the purchasing power required for the basic goods and services that meet a household's basic physical, social, and psychological needs. The Minimum Essential Standard of Living is based on robust research conducted by the Vincentian Partnership for Social Justice (now the Vincentian

¹ www.budgeting.ie

MESL Research Centre in St Vincent de Paul) and is updated annually to reflect changes to the cost of living. It is therefore the most accurate and up-to-date measure of income adequacy for social welfare recipients. The Strawman proposals risk repeating previous mistakes if there is not a focus on ensuring income adequacy for all social welfare recipients. Thus, the Government should commit to benchmarking all social welfare rates, including any proposed pay-related benefit, to a level that lifts people above the poverty line and provides them with a Minimum Essential Standard of Living. The levels would also need to be updated annually to ensure they continue to meet that standard.

Qualified Dependents

We have serious concerns regarding the Strawman proposal to eliminate allowances for dependents. Currently, 10% of Jobseeker's Benefit recipients receive additional payments for qualified dependents. The proposed approach could lead to income inadequacy for those with dependents, particularly for someone previously earning a low income who would only be eligible for the lowest PRB payment rate.

We are particularly concerned about the severe negative impact such a reform could have on low-income households. In fact, should the proposal be enacted, the removal of the Qualified Child and Adult Increases would result in many of these households being much worse off than under the current Jobseeker's Benefit. We note with some concern that such a shortfall would seem to entirely impact on low-income households, whereas the proposals would result in high-income households receiving significantly more than is currently the case.

From EAPN Ireland's perspective, as stated above, the crucial feature of any effective welfare reform would be ensuring that all rates of social protection payments, including for a PRB scheme, are benchmarked against a level that is adequate to lift people above the poverty line and provide them with a Minimum Essential Standard of Living (MESL). The MESL 2022 Annual Update showed that for almost 70% of households the income supports provided from social welfare are inadequate to meet minimum needs as they stand. Any further reduction would likely result in an increase in poverty rates among already low-income households.

Duration of the Payment & Employment Support Services

We note that the proposed duration of payments under the proposed scheme – a maximum of six months in any 24-month period – represents the latest in a series of cuts to the duration of the Jobseeker's Benefit Payment. Prior to 2004, Jobseeker's Benefit was payable for 15 months. Between 2004 and 2008, Jobseeker's Benefit was payable for a maximum of 15 months or 12 months, depending on contributions. From 2008 to 2013, this was reduced to a maximum of 12 months or 9 months, depending on contributions. From 2013 until now, Jobseeker's Benefit has been payable for a maximum of 9 months or 6 months, depending on the recipient's contributions.

Concerns arise that such a short duration may curtail the choices available to people when seeking re-employment. The short duration of the proposed scheme risks having negative consequences which may result in labour market mismatching and put recipients at risk of poverty, through compelling people to take up low-paid and insecure jobs, or unpaid traineeships. Taking up precarious or insecure employment also raises serious concerns about the proposed rules for requalification for the scheme. The latter may also have the effect of penalising an individual who, in good faith, takes up employment that subsequently concludes within a period that renders them ineligible to re-qualify for the PRB scheme.

An adequate duration of payment will help to mitigate such negative impacts, in tandem with effective public employment services and supports that are cognisant of and reactive to changes in the job market and the individual needs of recipients. An adequate duration

combined with appropriate support services will also help people manage unemployment, including any loss of confidence or other similar difficulties people may face. This requires effective, person-centred public employment services and job activation policies which promote values that lead people to decent secure work with adequate earnings. Education, training, retraining and up-skilling must be a priority, including for the purposes of a 'just transition'. A longer duration of payment combined with access to quality employment services will help to improve the quality of jobs people move into. This approach would not just benefit recipients but would have significant economic benefit. The Government must therefore adequately resource and fund Public Employment Services to ensure the provision of enabling services, which can identify the specific needs of individuals in order to develop person-centred pathways toward job activation.

While over 70% of Jobseeker's Benefit recipients exit the scheme within six months, it is important to recognise that provision needs to be made for the 30% who remain on JB for longer than six months. Further, Ireland has an 18% incidence of low pay (share of workers earning less than two-thirds of median earnings) among full-time employees.² The at risk of poverty rate is 5.8% for people who are employed.³ In 2022, employed persons made up 19.9% of people in Ireland who were at risk of poverty, 32.5% of people experiencing deprivation, and 19.7% of people in consistent poverty.⁴ This raises questions around the quality of jobs, job security and adequacy of wage levels. In this regard, the Government should also guarantee a Living Wage as calculated by the Living Wage Technical Group, in order to overcome increasing disparities in working conditions and reduce the number of working poor. In addition to a living wage, the availability of "decent work" must be addressed in the context of preventing and addressing poverty. Decent work includes appropriate and safe working conditions, where the rights of employees are respected and enacted, regular and consistent hours, as well as access to a wage that meets the cost of living. Access to secure and decent work is a vital part in reducing poverty in Ireland, assisting the Government in honouring its anti-poverty commitments.

Poverty and equality proofing

We are concerned by the absence of, or any details of plans for, poverty and equality proofing in the Strawman proposals. We also note that the only references to poverty in the Strawman are in relation to the mitigation of at risk of poverty rates by the COVID-19 income supports. Poverty and equality proofing are crucial to ensure that policy decisions do not lead to more people ending up in poverty and to help achieve poverty reduction commitments. EAPN Ireland has consistently stressed the importance of effective and transparent poverty and equality proofing in all policy development and implementation, and calls for an ex-ante Poverty Impact Assessment to be carried out to ensure that the proposals are consistent with anti-poverty commitments, and to mitigate any potential negative impact on poverty levels.

Sustainable financing through a redistributive and progressive tax system

EAPN Ireland has long called for the Government to ensure sustainable funding for quality public services and adequate social protection through progressive taxation which is fair and redistributes income, wealth and resources. The Strawman proposal to increase the PRSI rates to replenish the Social Insurance Fund would be a positive move for Ireland. We urge the Government to expand the tax base in a progressive and sustainable manner closer to the EU average, including moving away from the current over-reliance on corporate tax receipts.

² <https://data.oecd.org/earnwage/wage-levels.htm#indicator-chart>

³ <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2022/poverty/>

⁴ <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2022/poverty/>

Broadening the tax base in this manner is crucial in order to ensure the requisite capacity and resources to fund social investment including social protection that delivers adequate income supports to afford a decent standard of living. However, it is important that any such move does not negatively impact income adequacy of those on the lowest incomes. Any measures that increase tax revenue must adopt an approach that sees those with the highest incomes and wealth paying the greatest amount in tax. This will ensure that broadening our tax base does not place an unnecessary burden upon those in society who are least able to pay and who are most in need of supports via a strong public infrastructure and service provision.

Working Age Payment

We note that a further strawman and consultation on proposals for a Working Age Payment will be issued in due course, and propose to provide detailed feedback at that time. On the basis of the information provided thus far:

- We welcome the proposed move away from the 'days worked' system under Jobseeker's Allowance, which has resulted in unfair eligibility discrepancies between part time workers.
- We welcome the suggestion that single people and couples without children would be included within the scheme, unlike the current Working Family Payment.
- The scheme must ensure that the total income received by recipients, via a combination of wages and social protection, does not fall below the MESL so as to ensure income adequacy.

Recommendations:

- All social welfare rates, including any Pay-Related Benefit for Jobseekers scheme, should be benchmarked against a level that is adequate to lift people above the poverty line and provide them with a Minimum Essential Standard of Living (MESL).
- Retain allowances for qualified dependents, or otherwise guarantee that the new scheme does not result in income inadequacy for households with dependents, in order to ensure that low-income households are able to meet their needs in line with the Minimum Essential Standard of Living (MESL).
- Revise the duration of payment and the requalification rule to ensure they are adequate to mitigate negative consequences and safeguard recipients against the risk of poverty. This could best be achieved by determining an adequate duration through consultation with affected groups and the organisations that supports them.
- Adequately resource and fund effective public employment services and supports to ensure the provision of enabling services, which can identify the specific needs of individuals to develop person-centred pathways toward job activation.
- Carry out and publish poverty and equality proofing of the Strawman proposals.
- Ensure sustainable funding of social protection through progressive taxation which is fair and redistributes income, wealth and resources.

