

# Pay Related Jobseekers Payments?

INOU Discussion Forum

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Rialtas na hÉireann  
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# Programme for Government - Our Shared Future

- Mission: A New Social Contract (p74)
- Every citizen has a stake in a strong, responsive social protection system that assists in the costs of raising children, helps those in need or who have fallen onto hard times and provides for us in our old age.
- Protect core weekly social welfare rates.
- Recognise the importance of ancillary benefits and eligibility criteria to vulnerable groups.
- **Consideration will be given to increasing all classes of PRSI over time to replenish the Social Insurance Fund to help pay for measures and changes to be agreed including, inter alia, to the state pension system, improvements to short-term sick pay benefits, parental leave benefits, pay-related jobseekers benefit and treatment benefits (medical, dental, optical, hearing).**
- Progress to a living wage over the lifetime of the Government.
- Improve jobseeker supports for people aged under 24 over the lifetime of the Government.
- Increase the availability of activation schemes, including those run by local employment services.

Pathways to  
Work ➤ 5  
Strands of  
Action ➤ 83  
Commitments



## Third strand: Working for Work

- *“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.” (Commitment 41)*
- *“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.” (Commitment 43)*

# Jobseeker's Benefit v Pandemic Unemployment Payment

Weekly Earnings	Jobseeker's Benefit 2021	Qualified Adult	Qualified Child Increase	Pandemic Unemployment Payment 2021
Less than €150	€91.10	€89.30	€38 (< 12) €45 (12+)	€203
€150 - €220	€ 131	€89.30	€38 (< 12) €45 (12+)	€250
€220 - €300	€159	€89.30	€38 (< 12) €45 (12+)	€300
€300 or more	€203	€138	€38 (< 12) €45 (12+)	€350

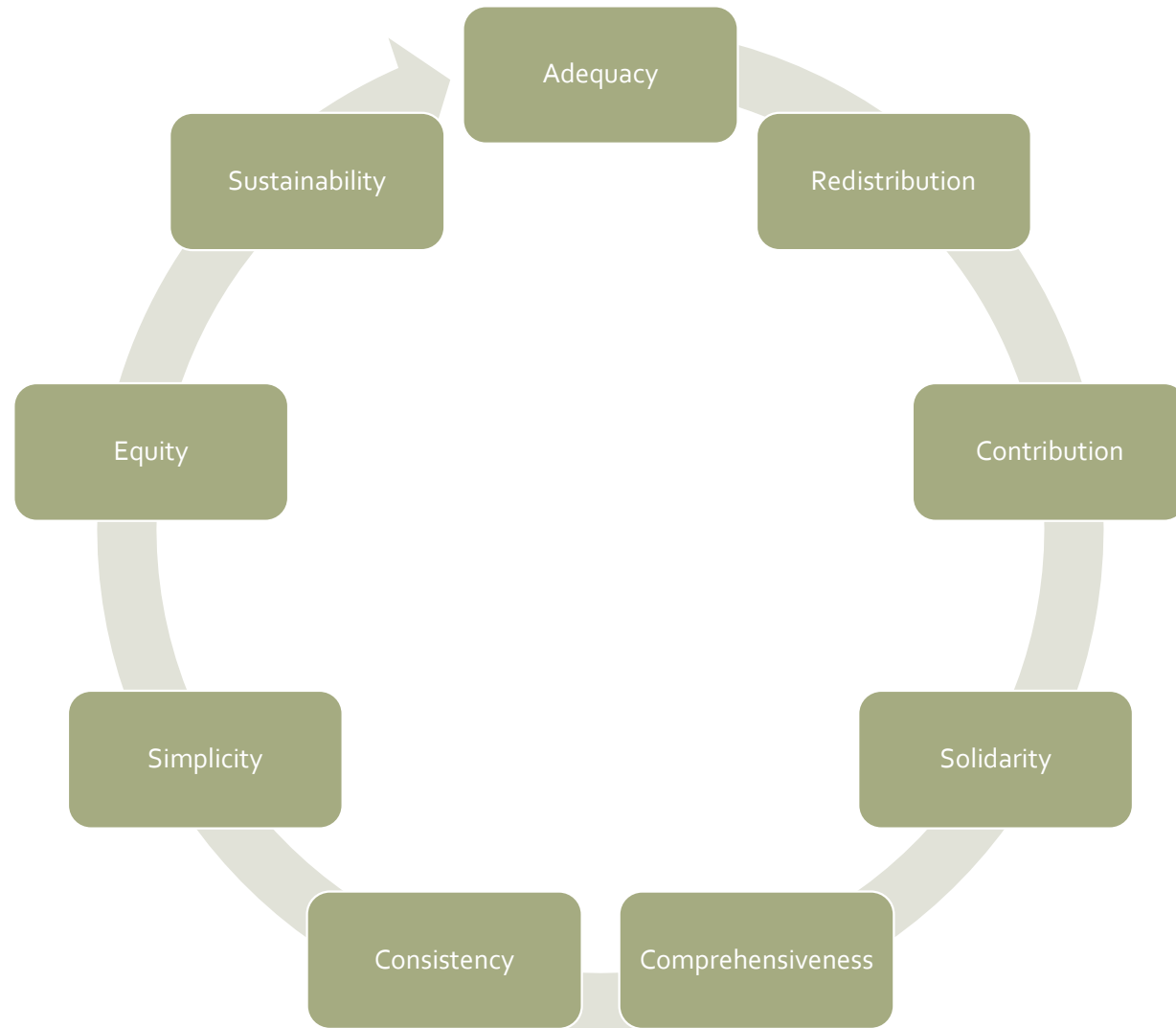
# Commission on Taxation and Welfare

- 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 be designed so as to avoid subsidising low-paid employment.
- **12.3 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.**

# What is Social Insurance?

- Social Insurance provides protection for people against, for example, losing their job or becoming ill.
- The system works on the basis of people having sufficient Pay Related Social Insurance (PRSI) contributions.
- The system has changed over the years including:
  - a Jobseeker's Benefit payment is no longer related to a person's wage;
  - Jobseeker's Benefit is currently paid for a maximum of 9 months or 6 months (depending on the person's number of PRSI contributions)
  - Prior to the 2008 crisis the maximum duration was 15 months or 9 months.

# Principles underpinning Irish Social Welfare System





# Commission on Taxation and Welfare: Five Principles

**Sustainability:** the concept of sustainability has economic, social and environmental dimensions.

**Reciprocity:** the systems of taxation and welfare have evolved over a long period of time and are at the core of the social contract – what we owe each other.

**Adequacy:** an objective common to both the taxation and welfare systems is to redistribute market incomes to achieve greater equality and prevent poverty.

**Equity:** taxes and social insurance contributions should be levied in line with the concept of equity: horizontal and vertical.

**Efficiency:** an efficient, or neutral, tax system is one which treats similar activities in similar ways, and thereby minimises distortions that are economically and socially costly.

# Should Social Insurance change?

- Should an individual's entitlements be more explicitly related to their contributions?
- Should there be a pay-related element to social insurance payments?
- Should the level of contributions, especially those of employers and the self-employed, be increased to strengthen the finances of the Social Insurance Fund?
- Should a better balance be struck between contributory principles, on the one hand, and principles of redistribution and solidarity on the other?
- How should people with inadequate contributions be supported? (p123)
- The International Labour Organization (ILO) has noted the role that can be played by higher social insurance contributions in restoring the finances of social insurance funds after the pandemic. (p129)
- The Future of the Irish Social Welfare System: Participation and Protection
- NESC Report No.151 November 2020