

**Joint Committee on Social Protection, Community and Rural
Development and the Islands**

**Pre-Legislative Scrutiny - Social Welfare (Pay-Related Social Insurance
and Jobseeker's Pay-Related Benefit Provisions) Bill 2024**

**Opening Statement by Jackie Harrington, Principal, of the Department of
Social Protection**

1. Introduction

Good morning, my name is Jackie Harrington, and I am the Principal officer with responsibility for Jobseekers Policy in the Department of Social Protection. I am joined by Brian Duff who is the Principal with responsibility for PRSI Policy, and by Karen Byrne and Colin O'Neill who are Assistant Principals in these areas.

I would like to thank the Joint Committee for the opportunity to attend today to discuss the General Scheme for Jobseeker's Pay-Related Benefit and PRSI increases.

2. Background – Pay-Related Benefit for Jobseekers

The Department presented to the Committee last April on the Jobseeker's Pay-Related Benefit as part of an extensive consultation process undertaken on this proposal. This included the publication of a Strawman paper in December 2022 and a series of meetings with stakeholders. The proposal had a strong public response, following which we received over 110 submissions, and which included very constructive feedback. The responses were overwhelmingly positive to the principle of linking benefit payment to previous earnings following unemployment. It was also acknowledged that the measure will bring Ireland in line with our EU counterparts.

One of the key issues identified was the duration of the payment, which was proposed for a maximum 6 months. This issue was also raised by the Committee, in addition to a proposal to taper the payment and to review the proposed minimum payment. These proposals have been taken on board and are reflected in the General Scheme, as approved by Government earlier this month.

The General Scheme provides that the benefit will be payable for 9 months for those with over five years employment, in line with that under Jobseeker's Benefit. Tapering of the 9-month payment is also included at 3 monthly intervals which will minimise the cliff-edge effect as benefit expires. The minimum rate of payment has increased to €125 per week, which is higher than that for Jobseeker's Benefit.

The weekly rate of payment for people who have at least 5 years paid PRSI contributions will be set at 60% of previous gross earnings subject to a maximum of €450 for the first 3 months. After that, the rate will reduce to 55% of earnings subject to a maximum of €375 for the following 3 months. A further 3 months will be paid at the rate of 50% up to a maximum €300 payment.

For persons who have between 2 and 5 years paid contributions, the rate will be set at 50% of previous gross earnings subject to a maximum of €300 per week for up to 6 months.

The Department has commenced work on the necessary arrangements to introduce this scheme towards the end of this year for which €5 million has been provided by Government.

3. PRSI Increases

The Bill will also provide for the range of PRSI increases agreed by Government, in the context of the Actuarial Review of the Social Insurance Fund and the Commission on Pensions. As well as covering the cost of the Pay-Related Benefit, these gradual and incremental increases will support the ongoing sustainability of pensions, including the retention of the State Pension age at 66 years.

All classes of PRSI will increase by 0.1 per cent from October 2024, followed by a further 0.1 per cent in October 2025, increases of 0.15 in October 2026 and October 2027 and 0.2 per cent in October 2028. This means a total increase in PRSI rates of 0.7 percentage points over the next five years. These increases are in line with those proposed by the Commission on Pensions and with the analysis presented in the Actuarial Review of the Social Insurance fund with some additional headroom to cover the cost of Pay Related Benefit, the full-year cost of which is estimated at €130 million.

A 0.1 per cent increase works out at around 90 cent per week for a worker on average wages and around the same for the employer. The annual minimum contribution payment for self-employed Class S contributors and the voluntary contribution for former self-employed contributors will both increase by €150 to €650 from 1 October 2024.

3. Heads of the Bill

I will briefly outline the main provisions of the Heads, which will amend the Social Welfare Consolidation Act 2005, and which I will refer to as the Act.

Heads 1 to 4, provide for the PRSI increases as agreed by Government.

Heads 5 to 15 cover the Pay-Related Benefit scheme and are modelled on the lines of existing legislation for benefit schemes.

They cover the key conditions of entitlement relating to the requirement to be fully unemployed, capable of and available for work and to be genuinely seeking work.

The concept of the Governing Contribution Year, which is 2 years prior to the year of the claim, which applies for Jobseeker's Benefit, will not apply to this benefit. Instead, a person will be required to demonstrate a strong and more recent attachment to the workforce.

Head 16 provides for the closure of the Jobseeker's Benefit scheme to new applications as the Pay-Related Benefit Scheme is introduced.

Conclusion

To conclude, we look forward to hearing the Committee's views on the Heads of Bill and we are happy to assist with any questions.