The Social Wage

Pay-Related Benefit for Unemployed Workers

pre-legislative scrutiny of the heads of the Bill

February 2024

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1. Introduction

The Irish Congress of Trade Unions (ICTU) is the umbrella body for 46 unions and seven associate members, and the largest civil society organisation on the island of Ireland. We represent the interests of over 700,000 workers and their families in all sectors of the economy.

Income protection for workers is exceptionally weak in Ireland compared to other rich countries.

Financial security for workers has always been a priority for trade unions. Long before the State took a role in income protection, unions had insured their members against loss of earnings due to unemployment, sickness, workplace injury and old age. The trade union movement was integral to the development of modern welfare systems across Europe following World War II, and high union density continues today to have a strong positive effect on social expenditure.[1]

Income protection for workers is exceptionally weak in Ireland compared to other rich countries.

We are the only country in the OECD not to operate auto-enrolment or similar pensions savings scheme and are only now rolling-out mandatory sick pay, having been one of only three of the EU's 27 Member States not to require an employer to provide paid sick leave to a worker too ill or injured to work.[2]

Our social welfare contributory benefits are paid at a flat rate amount (typically €232 a week for a single adult) that are priced below the poverty line, designed to encourage a quick return to work by offering no more than minimal financial support. In almost all other EU countries, contributory benefits are pay-related (i.e. payments are a percentage of a worker's previous wage), designed to protect a worker from a fall in living standards during short gaps in employment.

While ICTU and our affiliated unions have long fought for stronger income protections for workers in line with EU norms, it took a global pandemic to ignite public and political interest in the yawning gaps and weaknesses in how we protect workers' income when they lose their job or are too sick to work.

1 Trade unions can also exert their influence in an indirect manner through their potential to mobilise members and the wider public. Recent examples are the repeal of legislation to increase the qualifying age for the State Pension and the introduction of statutory sick pay on foot of union-led campaigns.

2 In 23 EU countries employment law requires employers to pay sick pay. In two, the requirement stems from sectoral collective agreements. In three, it is at the discretion of the employer – Ireland, Portugal, Greece.

In response, a new worker's right to sick pay was introduced and the Programme for Government commits to introducing mandatory employer pension contributions and to consider a pay-related payment for recently unemployed workers. The more recent Commission on Taxation and Welfare recommends extending that commitment to other short-term income supports for workers such as pay-related maternity, paternity, parent's and illness benefits.

Following a public consultation, the Department of Social Protection has now published the draft heads of the Bill for a new Pay-Related Jobseeker's Benefit for pre-legislative scrutiny.

Unions welcome a move to short-term pay-related income supports for workers when out of work. In May 2022 ICTU and our affiliated unions published The Social Wage report.[3] The social wage is a measure of how much better off people are from social spending on income supports and public services. We showed the social wage for full-time workers in Ireland to be exceptionally low by EU standards and called for a bigger role for government post-pandemic in protecting the living standards of workers and their families against common risks such as unemployment.

It took a global pandemic to ignite public and political interest in the yawning gaps and weaknesses in how we protect workers' income when they lose their job or are too sick to work.

Building on The Social Wage report, this policy paper sets out the ICTU's position on the new Pay-Related Jobseeker's Benefit Scheme under consideration. It assesses the four key design details – coverage, qualifying requirements, payment rates and duration of the payment. It also considers the case for extending pay-related payments to other short-term income supports for workers and the sustainability of the associated costs. These are discussed in detail in the following sections. First, it opens with an overview of income supports for unemployed workers in Ireland and the EU. It concludes with a summary of our position.

3 ICTU (May 2022) *The Social Wage: Public services and income supports in Ireland and the EU*

2. Background

An unusual feature of Ireland's welfare system is that contributory income supports for workers are paid at a flat amount (typically €232 a week for a single adult) that are priced below the poverty line (€318 in 2023), designed to offer no more than minimal financial support when out of work. The roots of this policy design go back to the Victorian Poor Law 'less eligibility' principle that welfare must always be less attractive than the the lowest paying job.

This is in stark contrast to the EU norm of pay-related contributory benefits (i.e. the amount of income support workers receive is a percentage of their previous wage) that allow workers pay their mortgage and other bills to maintain their living standards during short gaps in employment. To minimise the disincentive for a quick return to work, there is a maximum weekly payment and the payment is reduced the longer the time spent out of work. As in Ireland, flat-rated means-tested income supports are available for long-term contingencies and for people who have no or too few PRSI contributions to qualify for short-term contributory benefits.

By way of demonstration, a low wage worker (€31,000) in Ireland has just 39% of their gross wage replaced by our €232 Jobseeker's Benefit if they lose their job. The same worker would have 91% of their wage replaced in Belgium, 78% in Denmark and 72% in Sweden.

Because benefit payments are a fixed rate amount in Ireland, the replacement rate (i.e. the proportion of the worker's wage replaced by a welfare payment) falls as earnings rise leaving middle-income workers exposed to an even bigger drop in their living standards while looking for a new job. For example, an unemployed worker who previously earned the average annual wage (€47,000) has just a quarter (25%) of their wage replaced by the existing Jobseeker's Benefit.

There is a means-tested top-up payment to cover some of the cost of housing if renting in private rented accommodation. But there is no extra income support available to workers with a mortgage to repay.

The EU norm of pay-related contributory benefits allow workers pay their mortgage and other bills to maintain their living standards during short gaps in employment.

Our social welfare system preforms slightly better if instead of comparing single adults we compare couples with children. Means-tested top-up payments are paid in Ireland for a dependent spouse or partner (€154) and for each dependent child (€46 if aged under 12 years and €54 if 12 years or over). But entitlements for single adults show how well a welfare system protects people in their capacity as workers. In this regard, social welfare in Ireland is exceptionally weak by EU standards.

When lockdown was imposed to slow the spread of Covid-19 in March 2020, a new income support had to be created overnight for laid-off workers, in part recognition that the flat-rated Jobseeker's Benefit (then €203 a week for a single adult) was inadequate to cushion the income shock from the sudden loss of employment.

The Pandemic Unemployment Payment (PUP) was initially paid at a flat €350 a week to all laid-off workers. When the public health restrictions continued beyond the expected 12 weeks the PUP was amended so that the payment rate was linked to a worker's previous earnings. See Table 1.

Table 1: Pandemic Unemployment Payment (PUP) rates, Dec. 2021

Previous weekly earnings	PUP payment rate
Less than €151.50	€150
€151.50 or above but less than €200	€208
€200 or above but less than €300	€250
€300 or above but less than €400	€300
€400 or more	€350

The pay-related Pandemic Unemployment Payment proved very effective. Without the PUP, the 11.6% at-risk-of-poverty rate in 2021 would have been five points higher at 16.5%.[4] And, each time the economy reopened, workers willingly signed-off in larger numbers and returned to work even in cases of high replacement rates (i.e. the PUP payment was replacing most of their wage).[5]

The pay-related Pandemic Unemployment Payment proved very effective.

In response, the Programme for Government (October 2020) commits to consider a permanent move to a pay-related jobseeker benefit payment. The more recent Commission on Taxation and Welfare (March 2022) recommends extending that commitment to consider other short-term income supports for workers such as maternity, paternity, parent's and illness benefits.

4 CSO (May 2022) *Survey on Income and Living Conditions 2021*
5 By the time the PUP closed in May 2022, the live register numbers were below pre-pandemic levels.

Following a public consultation, the Department of Social Protection has now published the heads of the Bill for a new Pay-Related Jobseeker's Benefit for pre-legislative scrutiny.

2.1 Case for linking benefits to pay

ICTU agrees in principle with a move to pay-related income support payments for workers.

Unlike our welfare system of subsistence level flat-rated income supports, the European-model of pay-related contributory benefits ensure workers can continue to pay their mortgage and other bills to maintain their normal living standards in the short-term when out of work.

They make economic sense too. During downturns, pay-related jobseeker benefit payments reduce the shock to the economy by protecting consumer demand and other people's jobs in sectors reliant on discretionary spending.

Critics will point to the unfairness of contributory income supports for workers being more generous than the means-tested income supports paid to vulnerable groups outside of the workforce such as people with a disability, carers and lone-parents.

But Ireland is atypical in there being no difference in the value of contributory and non-contributory income supports. Unlike in almost all other EU countries, being in employment and paying social insurance in Ireland does not confer additional income protection from the welfare system. The only advantage to paying PRSI contributions is freedom from means testing for workers with savings or living in households with another source of income such as a working spouse.

This leaves our welfare system susceptible to attacks that there are 'people who pay for everything while getting nothing in return'. Whereas when people know that they can rely on social welfare if and when they need it, it strengthens social solidarity and public support for social spending, making improvements to non-contributory basic payments and investment in public services more likely.

It will however be argued that increasing taxes on labour to cover the costs associated with introducing pay-related benefits will stunt economic growth and erode national competitiveness.

Unlike in almost all other EU countries, being in employment and paying social insurance in Ireland does not confer additional income protection from the welfare system.

When people know that they can rely on social welfare if and when they need it, it strengthens social solidarity and public support for social spending.

Providing adequate income supports reduce search costs for unemployed workers to find a new job that better matches their skills, as opposed to one based on short-term survival considerations. It also encourages entrepreneurs to take more risks when they know that a bankruptcy won't be catastrophic. Besides, we only have to look at the success of the Nordic countries. Despite high labour costs and taxes, to fund their comprehensive welfare system, they tend to rank amongst the most competitive in the world with very high levels of labour productivity and per capita output.

Post-pandemic, we are at a once-in-a-century moment in time when there is wide public support for strengthening the social safety net.[6]

2.2 European Pillar of Social Rights

The public consultation material points out that Ireland has signed up to the European Pillar of Social Rights, and any new Pay-Related Jobseeker's Benefit Scheme must conform with Principle 13 of the Pillar.

ICTU would make a number of points in light of the references to the European Pillar of Social Rights (EPSR) in Section 3.3, paragraph 23. It should firstly be noted that Principle 13 of the European Pillar of Social Rights (EPSR) begins with the provision that the unemployed have a right to 'adequate activation support from public employment services to (re)integrate in the labour market', and then continues as outlined. It is important to acknowledge the beginning of the provision as the only apparent consideration of the Public Employment Service in the document setting out the proposed Scheme is in the reference to Pathways to Work 2021-2025.[7]

Second, if the development of the Pay-Related Jobseeker's Benefit Scheme must conform with Principle 13, then it, and related Government policies, must also conform with other relevant principles of the EPSR. We would also draw attention to:

- Principle 5, which includes the provisions that: 'Regardless of the type and duration of the employment relationship, workers have the right to fair and equal treatment regarding working conditions, access to social protection and training' and 'Employment relationships that lead to precarious working conditions shall be prevented, including by prohibiting abuse of atypical contracts';

6 A 2021 OECD opinion survey found very wide public support in Ireland (70%) for the government to do more to ensure people's economic security and address gaps in social protection. OECD (April 2021) *Risks that matter 2020: The long reach of Covid-19.*

7 Department of Social Protection (December 2022) *A Strawman Public-Consultation Process for a Pay-Related Jobseeker's Benefit Scheme in Ireland* p.13 section 3.3. para 22 and question 15 of the same section.

- Principle 6, which includes the provisions that: 'Workers have the right to fair wages that provide for a decent standard of living' and that: 'In-work poverty shall be prevented';

- Principle 8, which states that the social partners 'shall be encouraged to negotiate and conclude collective agreements in matters relevant to them, while respecting their autonomy and the right to collective action';

- Principle 12, which provides that: 'Regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection' and;

- Principle 14, which states that: 'Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.'

Furthermore, Ireland also signed up to giving effect to the principles of the EPSR through the Council Recommendation on access to social protection for workers and the self-employed, adopted by the Council on 8 November 2019, which makes explicit reference to Principle 12 of the EPSR.

Article 8 of this Recommendation committed Ireland to ensuring 'access to adequate social protection for all workers and self-employed persons', including in respect of unemployment benefits, while Article 11 stated that social protection schemes should 'provide an adequate level of protection to their members in timely manner and in line with national circumstances, maintaining a decent standard of living and providing appropriate income replacement, while always preventing those members from falling into poverty'.

Under Article 19, Ireland committed to implementing the principles set out the Recommendation 'as soon as possible' and to 'submit a plan setting out the corresponding measures to be taken at national level by 15 May 2021'.

Ireland's plan[8], submitted in May 2021, did refer to 'sufficient and timely benefits' (p.1) and 'enough and timely benefits' (p.28) but did not set out what is meant by these. Under the heading of 'policy objectives and measures to be taken' for 'sufficient and timely benefits', it referred to the measures for the self-employed that had been introduced over previous years.

The European Commission's January 2023 report on implementation of this Recommendation accordingly found that while Ireland's plan had set out measures or reforms to improve formal coverage, it had not set out any measures or reforms to improve adequacy.[9]

The development of a Pay-Related Jobseeker Benefit Scheme should therefore be used to give effect to the commitments, particularly with regard to adequacy, that Ireland undertook under the 2019 Council Recommendation.

The development of a Pay-Related Jobseeker Benefit Scheme should also respond to the January 2023 report of the EU High-Level Group on the Future of Social Protection and of the Welfare State in the EU. This report was prepared in response to a commitment in the European Pillar of Social Rights Action Plan, which Ireland also endorsed in May 2021. Recommendation 5 of this report states:

> 'All people in employment, irrespective of their work status, should be able to access and contribute to adequate social protection and contributions should take account of all sources of income. Such social protection should be accessible throughout the life-course, maintain a decent standard of living, providing appropriate income replacement and reducing the need for means-tested minimum income, as well as avoiding unfair competition on social security contributions.'

8 Available at https://ec.europa.eu/social/main.jsp?catId=1312&langId=en
9 Annex to COM(2023) 43 final, 31.1.2023.

3. Coverage

The Department of Social Protection is proposing, and ICTU agrees in principle, that eligibility to any new Pay-Related Jobseeker's Benefit Scheme will be limited to PAYE workers who are fully unemployed or experience a substantial lost of employment and who meet certain qualifying conditions (discussed in the Section 4).

Eligibility will be limited to PAYE workers who meet certain qualifying conditions.

Eight in ten (80%) unemployed workers currently receiving the existing Jobseeker's Benefit would meet this first qualifying condition test of being fully unemployed.[10]

The proposed Scheme empowers the Minister to make regulations to provide for the payment of Jobseeker's Pay-Related Benefit in cases where a worker is not fully unemployed, including where a worker is engaged in part-time employment or placed on short time work by their employer. Self-employed workers will not be covered.

3.1 Self-employed workers

Under the proposed Scheme, self-employed workers will continue to be covered by the existing Jobseeker's Benefit (Self-Employed).

This is because there is no real-time information on earnings from self-employment to facilitate a pay-related payment. It also reflects the lower social insurance contribution from self-employed workers into the Social Insurance Fund (discussed in Section 8).

3.2 Casual and part-time workers

Under the existing Jobseeker's Benefit, for each day that a part-time worker is employed 1/5th of the weekly €232 payment (i.e. €46) is deducted. Under the proposed Scheme, Jobseeker's Benefit will close to new applicants on phased basis when the new Jobseeker's Pay-Related Benefit is introduced. Notwithstanding the power to make regulations to provide for partial weeks of unemployment, it is the Department's stated intention to introduce a new Working Age Payment for workers working casual or part-time hours while looking for full-time employment, the details of which are not yet published.

10 27,760 Jobseeker's Benefit claimants are fully unemployed, compared to 6,670 claimants are working causally or part-time, PRB Stakeholder Event (February, 2023) *Proposals for a new Pay-Related Benefit for Jobseekers*: Presentation by Rónán Hession, Department of Social Protection Slide 4.

Under existing arrangements, people can be left worse off if they take up work or work more hours or get a pay rise or promotion.

ICTU acknowledges the achievement of recent decades in reducing work disincentives and welfare traps. But in certain circumstances people can still be left worse off if they take up work or work more hours or get a pay rise or promotion. That is, if taking a job or increasing earnings brings the total income above a threshold for an income support or secondary benefit, such as the Housing Assistance Payment, it can result in a person being financially worse off.

A significant anomaly arises in the existing Jobseeker's Benefit where part-time and causal workers are disqualified from a daily payment for days they work even if they work just one hour on that day. For example, if a worker works three hours a day over five days they do not qualify for Jobseeker's Benefit or any other income support if they don't have children. But if the same worker worked 15 hours over two days they could qualify for 3/5th of the weekly Jobseeker Benefit payment (i.e. €132).

ICTU supports in principle reform to eliminate these anomalies and traps for part-time workers. However, we will need to see the details of the new Working Age Payment and be confident that it will not, in effect, act as a wage subsidy for low-paying employers and insecure employment before we endorse this particular change.

3.3 Short-time workers

Under the proposed Scheme, workers placed temporarily on shorter-working hours by their employer due to a business or other disruption will be covered by a modification of the existing Systematic Short-Time Work Support Scheme with consideration to be given to having the flat payment for each day of work lost changed to a pay-related payment.

ICTU would be concerned that the consideration of short-time work, as set out in the consultation material, suggests a stepping back from previous Government commitments to introduce a genuine short-time work scheme, as advocated by ICTU for a number of years.[11] Commitment 44 of Pathways to Work 2021-2025 committed to:

> 'Building on the EWSS/TWSS and drawing on existing international models, [to] explore the possibility of introducing a new Short-Time Work Support Scheme to enable employers retain people on their payroll in response to short-duration shocks to employment'.

This commitment was to have been delivered by Q4 2022. Pathways to Work added that in carrying out this work, it would: 'Consider a range of international short-time work support schemes such as the German 'Kurzarbeit' and the French 'Chômage partiel/activité partielle'.'

11 For example, ICTU's October 2019 Submission to Oireachtas Joint Committee on Business, Enterprise and Innovation in relation to Brexit Preparations.

The Short-Time Work Support Scheme in place in Ireland cannot be compared to the short-time work schemes in place in other European countries. A 2018 Central Bank of Ireland paper stated that systematic short-time working in Ireland is 'effectively a partial social transfer administered by the unemployment benefit system', and contrasted Ireland's scheme with those in continental European countries which are subject to 'stringent rules and conditions' and which 'tend to be entirely separate from the unemployment benefit system'.[12]

The fact that Ireland's scheme was not fit for purpose was demonstrated by the need to introduce the Temporary Wage Subsidy Scheme, almost overnight, in March 2020 and its replacement, the Employment Wage Subsidy Scheme in September 2020. Hundreds of thousands of people were supported by these schemes over the course of the lockdowns whereas the numbers on the Systematic Short-Time Work Support Scheme rose from approximately 400 pre-pandemic to approximately 1,600 at its peak over the course of the lockdowns.

ICTU does not believe that a 'modification' of the Systematic Short-Time Work Support Scheme could resolve the central problem that a scheme that remains linked to the social insurance system would by definition exclude certain workers (e.g. those with insufficient contributions or whose eligibility for support has expired). This was one of the main reasons the TWSS scheme had to be introduced. If there were to be an outbreak of a new vaccine-resistant COVID variant, with such a modified scheme in place it is likely that the EWSS would have to be re-activated.

Furthermore, a modified scheme that aims to cater for some workers 'in the specific circumstances of a temporary introduction of short-time working by their employer'[13] would not be capable of attaining the results achieved by international best practice short-time work schemes[14]. What is central to the success of Germany's Kurzarbeit scheme, which the IMF notes is 'widely considered the gold-standard of such programmes'[15], and other such schemes across Europe is social dialogue and collective agreements between employers and trade unions. The OECD for example points out:

The consideration of short-time work, as set out, suggests a stepping back from previous Government commitments to introduce a genuine short-time work scheme.

12 Lydon, Reamonn, Mathä, Thomas Y, and Millard Stephen, (2018), *Short-time work in the Great Recession: Firm-level evidence from 20 EU countries*, Central Bank of Ireland, Vol. 2018, No. 13

13 Department of Social Protection (December 2022) *A Strawman Public-Consultation Process for a Pay-Related Jobseeker's Benefit Scheme in Ireland* p.19 section 4, para 7

14 See Drahokoupil and Muller (2021), *Job Retention Schemes in Europe – A Lifeline during the pandemic*, European Trade Union Institute, Working Paper 2021.07

15 IMF (June 15, 2020), Kurzarbeit: *Germany's Short-Time Work Benefit*

> 'In Austria, Denmark, Norway and Sweden, short-time work schemes used during the COVID-19 crisis derive their main features from national-level collective agreements. In Nordic countries, also their implementation is left to company-level agreements. In Germany, sectoral agreements have been key to raise replacement rates. In other countries, social partners have been instrumental in simplifying procedural requirements.'

The OECD has also drawn attention to the role played by trade unions in reporting potential abuse 'including cases where companies declare short-time work but work regular hours', and concludes that these initiatives:

> '...illustrate how social dialogue and collective bargaining can be mobilised to complement public action, identify flexible and balanced solutions for both companies and workers and strengthen labour market resilience'.[16]

ICTU supports the introduction of a pay-related payment under a new short-time work scheme that, in line with past Government commitments, builds on the experience of the TWSS and EWSS and draws on international models, and is willing to engage further with Government on the development of such a new scheme.

The introduction of such a new scheme as envisaged in this response would also represent an opportunity to give effect to Ireland's commitments under the European Pillar of Social Rights, including Principle 8, which provides that the social partners 'shall be encouraged to negotiate and conclude collective agreements in matters relevant to them, while respecting their autonomy and the right to collective action'.

16 OECD (2020) *Employment Outlook 2020*, p.52

4. Qualifying Requirements

The Department of Social Protection is proposing, and ICTU agrees in principle, that to qualify for any new Pay-Related Jobseeker's Benefit Scheme an eligible worker must:

- be under the State Pension qualifying age (66 years) or under 70 years and not receiving the contributory State Pension; *and*
- be fully unemployed or experience a substantial loss of employment (discussed in Section 3); *and*
- meet certain PRSI conditions (discussed below); *and*
- be capable of work, available for work and genuinely seeking full-time work as is currently the case; *and*
- engage with the Public Employment Service (discussed below).

To qualify an eligible worker must have a minimum and recent employment history and record of paying social insurance.

4.1 PRSI conditions

Under the proposed Scheme, to qualify an eligible worker must have a minimum and recent employment history and record of paying social insurance.

To meet the minimum level of prior employment requirement, a worker must have made at least 104 weekly (two years') paid PRSI contributions since they first started work, as is currently the case.

To demonstrate recent employment, a worker must have paid at least four PRSI contributions in the 10 weeks immediately prior to making a claim and 26 contributions over the previous 12 months.

The existing Jobseeker's Benefit is based on contributions made two years prior to the year in which the claim is made (i.e. in 2022 for a claim made in 2024), as the technology was not available until recently to access a worker's up-to-date contribution record.

In the absence of more recent contribution requirement, a significant anomaly arises in the existing Jobseeker Benefit where it is possible for someone out of work for up to two years prior to making a claim to qualify while others who have worked in the immediate period before unemployment might not qualify.

ICTU recognises that changing the qualification requirement to more recent employment and PRSI contribution history addresses existing anomalies and agrees in principle with this change.

However, the proposed Scheme is silent on how workers made unemployed shortly after returning to work off or while on unpaid maternity leave (up to 16 weeks) and other unpaid care leave will meet the requirements to qualify for the payment (i.e. 26 paid contributions in the 12 months prior to making a claim with at least four in the prior 10 weeks).

The Scheme is silent on how workers made unemployed shortly after returning to work off unpaid maternity leave and other care leave will meet the requirements to qualify.

During lockdown, ICTU highlighted an anomaly in the Temporary Wage Subsidy Scheme which disqualified workers returning from unpaid maternity leave from availing of the scheme (as they were not on their employer's payroll on 29th February 2020). However, it took over two months from when a new mother first contacted ICTU to alert us that her employer of 10 years had informed her that she was not covered before the Minister for Finance conceded and made changes to the TWSS.

Working parents and carers must not be at a disadvantage meeting the requirements for qualification for any new Pay-Related Jobseeker's Benefit Scheme. ICTU calls on the Department of Social Protection to promptly clarify that this is not the intention and how the payment will accommodate unemployed workers with a recent period of unpaid maternity and family care leave.

4.2 Public Employment Service

Under the proposed Scheme, the requirement to engage with the Public Employment Service in the existing Jobseeker's Benefit will potentially be strengthened to assist workers return to employment.

Participation in active labour market policies in Ireland is high compared to most other EU Member States according to the European Commission. The Commission's November 2023 proposal for the Joint Employment Report 2023 states:

> 'In 2021, the share of unemployed persons willing to work who participated in active labour market policy measures differed significantly across Member States. On the one hand, countries like Greece, Romania, Cyprus, Latvia, and Croatia had figures below 10%. On the other hand, the percentage was almost 90% in Ireland, and above 70% in Hungary, the Netherlands, and Spain. [17]

17 COM(2023) 904 final p.103.

The Eurostat indicator the Commission cites measures participation in labour market policy measures including the provision of training, employment incentives, supported employment and rehabilitation, direct job creation, and start-up incentives. The data puts Ireland's rate above 80% in 2020, the second highest of the 24 Member States for which data was available.

While the data suggests that Ireland's rate had increased from approximately 35% the year before, the Commission does not flag any 'low reliability' concerns for the Irish data, in contrast to the data for two other Member States - Lithuania, the country with the highest rate, and France.

Furthermore, with regard to strengthening 'engagement with the Public Employment Service to assist people to return to employment' ICTU would respectfully suggest that engagement by other actors with the public employment service warrants more attention at this stage.

For example, Pathways to Work 2021-2025 included a commitment (no.32) to: 'Develop, with the support of the Labour Market Advisory Council sub-group on employer engagement, a new employer relations strategy.' A specific 'Employer Engagement sub-group' comprised of employers' representatives was established to assist with this work. This work was to have been completed by Q2 2022, i.e. one year after the strategy was announced. However, this deadline was not met, and this commitment was one of 12 of the 60 commitments 'red flagged' ('has not or will not be delivered within the published timeline') by the Labour Market Advisory Council's first Progress Report 2022 on Pathways to Work, published in December 2022. As of December 2023, this commitment still has not been delivered, 18 months after its supposed completion date.

Participation in active labour market policies in Ireland is high compared to most other EU Member States according to the European Commission.

5. Payment Rates

Under the proposed Scheme, the social insurance contributory principle i.e. the link between benefits paid out to a worker and the PRSI contributions they paid in to the Social Insurance Fund, will be strengthened and reflected in the income replacement rates and maximum payment caps.

In the existing Jobseeker's Benefit, the contributory principle is weak. There is no difference in the payment rates of contributory and non-contributory income supports or between workers with a long record of employment and paying PRSI and workers with a short work and contribution history. Instead, the contributory principle is loosely recognised in the duration of the payment – an unemployed worker who has paid at least five years' PRSI contributions while in employment is eligible for Jobseeker's Benefit for three months longer than a worker with less than five years spent in employment and paying contributions (discussed in Section 6).

The link between benefits paid out to a worker and the PRSI contributions they paid in to the Social Insurance Fund will be strengthened.

The payment is a flat amount (typically €232 a week for a single adult), with means-tested top-ups for a dependent spouse or partner (€154) and dependent children (€46 if aged under 12 years and €54 if 12 years or over). If the unemployed worker's previous wage was below €300 a week, the payment is reduced. *See Table 2*. The policy objective is to ensure that work incentives are not weakened for low-wage part-time workers by receiving more money on benefits than in employment.

Table 2: Jobseeker's Benefit payment rates, 2024

Previous weekly earnings	Personal rate of payment
Less than €150	€104.10
€150 or above but less than €220	€149.60
€220 or above but less than €300	€181.70
€300 or more	€232

The vast majority (85%) of unemployed workers currently on the existing Jobseeker's Benefit are receiving the maximum €232 weekly payment and (90%) don't qualify for a top-up payment for dependents. For an unemployed worker who had earned the average wage the existing €232 Jobseeker Benefit replaces just a quarter (25%) of their previous gross pay. For a worker who had earned the full-time minimum wage it replaces less than half (47%) of their already low wage.

Under the proposed Scheme, the payment rate for recently unemployed workers (i.e. for the first nine or six months of unemployment) will be linked to their previous pay and paid PRSI contributions -

- 60% of the previous gross weekly wage for workers with five or more years in employment and paying PRSI contributions, up to a maximum payment cap of €450 a week for the first 3 months of unemployment; reduced to 55% of earnings up to a maximum of €375 for the following 3 months; reduced to 50% of earnings up to a maximum of €300 for a further 3 months.

- 50% of the previous gross wage for workers with less than five years in employment and paying PRSI contributions, up to a maximum payment cap of €300 a week for the first six months of unemployment.

Previous pay will be based on a worker's average weekly earnings over a 12-month period prior to making a claim. Using a 12-month average will allow for the inclusion of periodic payments that may form a significant part of a worker's annual earnings such as overtime or bonuses. A weekly minimum payment (of €150) will apply, as is currently the case.

Examples of the pay-related payment rates under the proposed Scheme are set out in Tables 3. In all cases the payment will be higher than the €232 flat rate amount under the existing Jobseeker's Benefit for unemployed workers who previously earned above a full-time minimum wage.

Part-time workers who worked between 20-36 hours on minimum wage will be worse off by up to €77 a week under the proposal.

But workers who previously worked part-time hours earning over €260 and under €465 (i.e. worked between 20-36 hours on minimum wage) will be worse off by up to €77 a week under the proposed Scheme. Workers will be able to opt for Jobseeker's Allowance if that payment is more financially favourable to them, as is currently the case. However, Jobseeker's Allowance takes no account of a worker's record of paying social insurance contributions, qualification is based on the household income. Workers with savings or in a household with another source of income such as a working spouse will be at a disadvantage meeting the qualification requirements for Jobseeker's Allowance.

The proposed Scheme empowers the Minister to make regulations to provide for the payment of Jobseeker's Pay-Related Benefit in cases where worker is engaged in part-time employment. ICTU recommends using bands to set the payment rates (i.e. as used in the existing Jobseeker's Benefit and PUP) for workers with previous earnings less than a full-time minimum wage. *See Tables 1 and 2.*

Table 3: Proposed pay-related payments at 60% and 50% replacement rates

Prior Gross Annual Pay	Prior Gross Weekly Pay	Weekly Net Pay (estimate)*	PRB payment rate at 60% of Gross Pay	PRB payment rate at 50% of Gross Pay
€25,760**	€495	€442	€297	€248
€31,000	€596	€515	€358	€298
€47,000***	€904	€717	€450	€300
€55,000	€1,055	€797	€450	€300
€75,000	€1,438	€993	€450	€300

*Net pay based on tax deductions for a single adult.

**Full-time minimum wage from January 2024.

***Average wage.

The proposal disproportionally and significantly weakens the existing income protection of working single parents and carers, the majority of whom are women.

It is also proposed that the new Scheme will be individualised, with no top-up payments for workers with dependents, “to reflect the fact that the payment is related to prior earnings rather than household composition”.[18] Under the existing Jobseeker’s Benefit means-tested payments are paid for a dependent spouse or partner (€154) and for each dependent child (€46 if aged under 12 years and €54 if 12 years or over). This would have no financial impact on nine in ten (90%) unemployed workers currently in receipt of the existing Jobseeker’s Benefit. For those it does impact, they opt for the means-tested Jobseeker’s Allowance. It is worth noting that top-up payments for dependent family members are paid to unemployed workers in eight EU countries.[19]

ICTU is very concerned that the proposal to remove of top-up payments for dependents together with the potential loss of up to €77 a week for low-wage part-time workers will disproportionally and significantly weaken the existing income protection of working single parents and carers, the majority of whom are women.

ICTU calls on the Department of Social Protection to publish a poverty and gender impact analysis of the proposal to individualise the new payment.

18 Department of Social Protection (December 2022) *A Strawman Public-Consultation Process for a Pay-Related Jobseeker’s Benefit Scheme in Ireland* p.25
19 PRB Stakeholder Event (February, 2023) *Earnings-related benefits in Ireland: rationale, costs and work incentives*: Presentation by Theano Kakoulidou, ESRI Slide 6

Pay-related contributory income supports for unemployed workers are the norm in all bar four of the EU's 27 Member States – Ireland, Greece, Malta, and Poland. Among our EU peers, replacement rates (i.e. the proportion of the worker's previous wage replaced by Jobseeker's Benefit) range from 55% to 91%, with higher rates sometimes payable in the initial period and a maximum payment cap and minimum payment floors.[20] *See Table 4*.

Pay-related contributory income-supports for unemployed workers are the norm in all bar four of the EU's 27 Member States – Ireland, Greece, Malta, and Poland.

Table 4: Pay-Related Jobseeker's Benefit replacement rates in EU peer group, 2023[21]

Country	after 2mths %	after 6mths %	after 1yr %
Belgium	91	84	78
Denmark	78	78	78
Sweden	72	70	64
Netherlands	68	64	64
France	66	66	66
Germany	60	60	60
Finland	58	58	58
Austria	55	55	51
Ireland	60 or 50	50	*

*It is proposed that the new pay-related Jobseeker's Benefit will expire after 9 months (Discussed in Section 6).

The proposal to have two maximum replacement rates (60% and 50%) and two maximum payment caps (€450 – €350) for eligible workers is atypical. It adds unnecessary complexity to the already complex welfare system and creates an income cliff for workers falling just short of the minimum contributions for the higher rate and cap.

ICTU recommends one replacement rate at a minimum 70% and one maximum payment cap at a minimum €550 in line with the new statutory sick pay scheme (discussed in Section 8).

20 The comparator group of countries includes Nordic and Western EU Member States with a population of over a million (thus excluding Luxembourg) and with an output in excess of €30,000 per person (thus excluding Portugal, Spain and Italy.
21 OECD (2023) *Benefits in unemployment, share of previous income*

6. Duration of Payment

Under the proposed Scheme, entitlement to the new pay-related jobseeker payment will be time-limited.

It will be paid for up to nine months to workers who have been in employment for five years or more and have made at least 260 weekly (five years') paid contributions. For workers who have worked less than five years and have made fewer than 260 paid contributions the benefit will be paid for up to six months. This is along the lines of that currently exists for Jobseeker's Benefit.

ICTU welcome the Department rowing back on the plan to shorten the duration of the payment to six months for workers with a long work history and PRSI record. As we pointed out in our submission to the public consultation, this would have amounted to a 150% cut in the duration of their unemployment insurance since 2008.[22]

The duration of employment insurance has been maintained at 9 months but the withdrawal of the payment is to be tapered after 3 months.

However, while the duration of coverage has been maintained at nine months it is now proposed the payment be tapered. Instead of a maximum of €450, or 60% of previous earnings for the full duration of the claim, this is to be paid for only the first 3 months. A second rate of a maximum of €375, or 55% of previous earnings will apply for months 4 to 6. A third rate of a maximum of €300, or 50% of previous earnings for the final 3 months.

Given that the average Jobseeker Benefit claim is currently 13 weeks,[23] it can be argued that the many will not be impacted by the taper withdrawal of the payment. However, by not applying a taper for at least six months would mean that over 70% of unemployed workers - the number who find new employment within the first six months - would not be impacted.

ICTU acknowledges the need to minimise work disincentives and contain costs and that the average duration of pay-related jobseeker benefit claims are typically longer. But this is not because higher dole payments make workers suddenly work-shy, as demonstrated in the willingness of large numbers to sign-off the PUP each time the economy reopened.[24] Providing adequate benefit payments enables better job matching by reducing search costs for unemployed workers

22 In October 2008 the duration of Jobseeker's Benefit was cut from 15 to 12 months. In April 2013 it was further cut to 9 months.
23 PRB Stakeholder Event (February, 2023) *Proposals for a new Pay-Related Benefit for Jobseekers*: Presentation by Rónán Hession, Department of Social Protection
24 By the time the PUP closed in May 2022, the live register numbers were below pre-pandemic levels.

to find a new job that better matches their skills, as opposed to one based on short-term survival considerations. This is more economically beneficial in the long-run for the worker and the economy i.e. it reduces over-qualification and ensures better use of human capital.[25] What is more, the duration of unemployment payments in EU peer countries is for a year or more and have higher replacement rates than under the proposed Scheme. *See Table 4*.

ICTU recommends the duration of maximum payment cap and replacement rate should not be shorter than six months.

It is also proposed that workers will be eligible for a maximum of nine or six months in any 24-month period. While ICTU acknowledges that attachment to the labour market is weak in the existing Jobseeker's Benefit and needs to be strengthened, what is proposed is a significant increase on the 13 weeks currently required to requalify.

25 Research by the Nevin Economic Research Institute shows approximately three in 10 graduates employed in Ireland are working in occupations where their qualifications are higher than the requirements for the job. That is around 333,000 workers, or 15% of the workforce. Ciarán Nugent (October 2022) Overqualified third-level graduates in the Irish labour market.

7. Extending Pay-Related Benefits

The Commission on Taxation and Welfare has recommended Government consider extending pay-related payments to other short-term contributory income supports such as maternity, paternity, parent's and illness benefit.

7.1 Maternity Benefit

It is the norm across the EU27 for Maternity Benefit to replace all or nearly all of a new mother's earnings.

Ireland compares very favourably to EU Members for the duration to paid maternity leave (26 weeks) from work. New mothers also have a legal entitlement of up to 16 weeks unpaid leave.

But when comparing the income replacement rate of Maternity Benefit across the EU, working women in Ireland are at a significant financial disadvantage. Ireland is one of only two EU27 Member States to pay Maternity Benefit at a flat amount (along with Malta). The flat payment (€262 a week from January 2024) replaces just 30% of the average wage. Whereas it is the norm across the EU27 for Maternity Benefit to replace all or nearly all of a new mother's earnings. See Table 5.

Table 5: Maternity Benefit replacement rates and duration in EU peer group, 2022[26]

Country	Replacement Rate	Number of weeks	Full pay equivalent (weeks)
Sweden	80%	34	27
Finland	90%	29	26
Denmark	100%	18	18
Austria	100%	16	16
France	100%	16	16
Netherlands	100%	16	16
Germany	100%	14	14
Belgium	82% (4 weeks) - 72%	15	11
Ireland	€245	26	10*

* Equal to 10 weeks average take-home pay in the private sector in Q2 2020.

26 https://www.rte.ie/documents/news/2022/05/maternity-pay-comparisons-final.pdf

However, CSO figures show over half (54%) of new mothers in Ireland in receipt of Maternity Benefit in 2019 were also receiving a top-up payment from their employer.[27] Four in five of those who did not receive a top-up earned less than the value of the weekly Maternity Benefit payment (then €245 a week in 2019).

Some will see this as proof that there isn't a need for pay-related maternity income support. But the CSO data does not record how much of the new mother's wage is replaced, only that her employer has made some contribution towards her income loss while on maternity leave. More importantly, if it is left to employers to pick up the cost of topping up Maternity Benefit we risk negatively influencing hiring decisions and widening the gender employment and pay gaps.

Leaving it to employers to pick up the cost of topping up Maternity Benefit risks negatively influencing hiring decisions and widening the gender employment and pay gaps.

7.2 Paternity and Parent's Benefit

Two new contributory income supports - Paternity Benefit (2016) and Parent's Benefit (2019) - were introduced to help parents afford to take time off work to care for their baby. Paid at a flat rate (€274 a week from January 2024), Paternity Benefit is payable to working fathers for two continuous weeks of paternity leave from work within the first six months following the birth and Parent's Benefit is payable to each parent for seven weeks parent's leave over the child's first two years.

However, uptake by men is disappointingly low. Only half of eligible fathers in the private sector have availed of Paternity Benefit and mothers are over twice as likely to avail of Parent's Benefit.[28]

A key driver to the low uptake is the low replacement rate. A review by the State's own economic and evaluation body, the IGEES found that the average weekly take-home pay in the private sector is over 2.5 times the value of Paternity Benefit (i.e. €642 compared to €245 a week in Q2 2020).[29] Unless an employer provides a top-up payment, and there is no legal requirement on employers to do so, the average working couple will experience a big drop in their family income if both parents take time off work to spend with their new baby.

Only half of eligible fathers in the private sector have availed of Paternity Benefit and mothers are over twice as likely to avail of Parent's Benefit.

Pay-related family leave benefits allow for more equal sharing of caring within working families by supporting greater uptake of paternity and parent's leave among fathers. When fathers have a period off work to bond with their new baby they tend to be more involved in their child's care throughout childhood. Along with helping to close the care gap, adequate family leave benefits and greater uptake by fathers promote

27 CSO (02 June 2020) *Employment Analysis of Maternity and Paternity Benefits 2016-2019*.
28 In 2021, 43,500 working parents received Parent's Benefit - 71% mothers and 29% fathers.
29 Department of Public Expenditure (October 2020) *Spending Review 2020: Paid Parent's Leave Scheme* p.3

gender equality in the workplace and help to close the gender pay and pensions gaps.

7.3 Illness Benefit

All Member States provide sickness benefit for PAYE workers too ill or injured to work, with nearly all requiring employers to provide a period of paid sick leave before sickness benefit becomes payable.

Up until the start of last year, Ireland was one of only three EU27 Member States where workers had no right to sick pay from their employer.[30] Sick pay was viewed as a perk that employers could decide whether or not to include in a contract of employment. As a result, half of our workforce, over one million private sector workers, are not covered for paid sick leave in their terms and conditions and had to solely rely on contributory Illness Benefit or go to work unwell.

A 2020 campaign by ICTU during lockdown for legislation to make sick pay mandatory won cross-party support and widespread public support.[31] The Sick Leave Act 2022 guarantees workers a minimum 10 paid sick days a year at 70% of their daily rate of gross pay, up to a maximum payment cap of €110 a day or €550 a week. If the worker runs out of paid sick days before they are fit to return to work, they transfer to Illness Benefit if they have the required PRSI contributions. It will save the Social Insurance Fund around €70 million a year from 2026 when fully rolled out.[32]

The flat €232 weekly rate risks forcing sick workers out of financial necessity to return to work too soon causing a relapse or worse.

Illness Benefit is paid at a flat €232 a week to full-time PAYE workers medically certified as unfit to work. The low replacement rate (i.e. 25% of the average weekly wage) risks forcing sick workers out of financial necessity to return to work too soon causing a relapse or worse. Sick workers are a danger to themselves and others they come into contact with – they increase the spread of infection and the risk of workplace accidents.

30 In 23 EU countries employment law requires employers to pay sick pay. In two, the requirement stems from sectoral collective agreements. In three, it is at the discretion of the employer – Ireland, Portugal, Greece.
31 September 2020 Ireland Thinks monthly poll found 9 in 10 (87%) people believe workers should have a legal right to sick pay from their employer.
32 Department of Social Protection officials estimate each week of employer-funded statutory sick pay will "reduce the draw on the Social Insurance Fund by around €35 million per week" (June 2020) Ministerial Brief Part B p.40.

Sickness benefits in the majority of Member States replace all or most of a sick worker's wage.

Ensuring that when a worker is unwell that they can afford to take time off work to recover is a basic health and safety issue and simply the right thing to do. This is recognised across the EU27 where sickness benefits in the majority of Member States replace all or most of a sick worker's wage (between 70% and 100%) and the right to adequately paid sick leave during periods of illness is widely recognised as a social right in key international agreements.

8. Sustainability

Pay-related social insurance (PRSI) contributions are paid by most PAYE workers when in employment, their employer on their behalf and the self-employed into the Social Insurance Fund (SIF) to fund contributory income supports and other payments.

Spending on Jobseeker's Benefit was approximately 3.24% of total expenditure from the SIF in 2019 (pre-pandemic).

The full costs to the SIF associated with introducing short-term pay-related income supports for workers will depend on the final design. However, Government intends for it to be cost neutral to the SIF and Exchequer, with all costs being "recouped via a commensurate increase in PRSI contribution rates"[33]. Already a 0.7% increase in employer, employee and self-employed social insurance rates, to be gradually rolled out, has been agreed by Government. From next October, a worker on the average wage will pay 90 cent more a week in PRSI when the first of five yearly increases comes into force. The additional income raised (€240 a million a year) will in the main support the retention of the State Pension age at 66, and to a lesser extent fund the move to a Pay-Related Jobseeker's Benefit.

The yield from employer PRSI would need to almost double just to reach the EU average.

33 Department of Social Protection (December 2022) *A Strawman Public-Consultation Process for a Pay-Related Jobseeker's Benefit Scheme in Ireland* p.15

The 2016-2020 Government extended access to contributory invalidity, jobseekers, parent's, paternity, and treatment benefits to 350,000 self-employed workers without any commensurate increase in their 4% PRSI contribution into the SIF. The self-employed are now covered for all but four of the two dozen contributory benefits paid out of the SIF in return for a contribution 11 percentage points lower than that made in respect of employees.

The State's own advisory body, the Tax Strategy Group (TSG), has repeatedly proposed consideration be given to gradually increasing the self-employed contribution to that of the standard rate of employer PRSI (from 4% to 11.05%). The Pensions Commissions (2021) and the Commission on Taxation and Welfare (2022) both agree and recommend that the self-employed PRSI contribution into the SIF should be adjusted up to at least the employer rate paid on behalf of most employees (11.05%). The TSG estimate this will yield €1.5 billion a year into the Social Insurance Fund.[34]

Employers too pay a very low contribution into the SIF (11.05%) compared to employers across the EU (19.5% on average). The yield from employer social insurance contributions would need to almost double just to reach the EU average. In stark contrast, the tax burden on PAYE workers - income tax, USC and PRSI – in Ireland (24.3%) is already above the EU27 average (21.1%).

The Department must publish its PRSI Roadmap in full, instead of piecemeal and without prior consultation.

ICTU broadly supports the range of recommendations put forward by the Commission on Taxation and Welfare to improve the sustainability of the SIF and adequacy of contributory income supports in to the future[35]. We call on the Department of Social Protection to publish their PRSI Roadmap in full, instead of the piecemeal approach such the decision to announce a 0.7% increase on Class A, K, P and S contributions and to the minimum contribution from €500 to €650 without prior consultation.

34 Tax Strategy Group (September 2021) *Pay Related Social Insurance Rate Setting Options* p.15
35 ICTU (December 2022) *Submission to the Oireachtas Committee on Budgetary Oversight: examination of the Commission on Taxation and Welfare Report Chapters* 9, 10, 11 & 12

9. Summary and Conclusion

Income protection for workers is exceptional weak in Ireland compared to other rich countries.

Despite paying pay-related social insurance contributions when in employment, workers receive a flat payment in return if they lose their job, have a baby or get sick.

We are the only country in the OECD not to require employers to contribute to a worker's retirement savings and are one of the last of the EU's 27 Member States to make sick pay mandatory. Despite paying pay-related social insurance contributions when in employment, workers receive a flat payment if they lose their job, have a baby or get sick. In almost all other EU Member States, workers receive pay-related benefits during short gaps in employment.

For example, a typical worker losing their job in Ireland sees their income fall off a cliff. Jobseeker's Benefit (€232 a week) replaces just 25% of average earnings or 47% of a full-time minimum wage. Whereas pay-related unemployment benefits in Belgium replace 91% of a worker's previous wage, 78% in Denmark and 72% in Sweden.

The pandemic brought the deficiencies in our income protections for workers unable to work into sharp focus and heightened public demand for a bigger role for government protecting people's living standards against common risks.

Improvements have since been made in paid sick leave, parent's leave, domestic violence leave and the State Pension, with progress ongoing on a new workers' right to an occupational pension. Delivering on a Programme for Government commitment to consider a pay-related payment for recently unemployed workers, the Department of Social Protection has now published the heads of the Bill for a new Pay-Related Jobseeker's Benefit for pre-legislative scrutiny.

ICTU strongly supports moving from flat-rate to pay-related contributory jobseeker benefit in line with the rest of the EU. They better protect workers and their families from a drop in their normal living standards while looking for a new job. It would be a major improvement in Ireland's social wage - the measure of how much better off people are from social spending by government. They strengthen the link between payments paid out to a worker and the contributions they paid in to the Social Insurance Fund, which in turn strengthens social solidary and public support for our welfare system. They make economic sense too. Adequate unemployment benefits enable better job matching by reducing search costs for workers to find work that matches their skills and, during a downturn, they protect consumer demand and other people's jobs in sectors reliant on discretionary spending.

It is proposed that any worker financially worse off from the proposals will be able to opt for Jobseeker's Allowance. However, qualification for Jobseeker's Allowance is based on household income, not a worker's contribution record. Workers with savings or a working spouse will be at a disadvantage meeting the qualification requirements for Jobseeker's Allowance.

ICTU is very concerned that some proposals in the Pay-Related Jobseeker's Benefit Scheme under consideration, if not amended, will disproportionally and significantly weaken the existing income protection of low-wage part-time workers and workers with caring responsibilities, the majority of whom are women.

A summary of ICTU's position on and recommended changes to the proposals are as follows:

The existing Jobseeker's Benefit (€232 a week) replaces just 25% of average earnings or 47% of a full-time minimum wage.

Coverage

ICTU agrees in principle to the proposal to limit eligibility to PAYE workers.

ICTU withholds endorsement of the Working Age Payment for workers working part-time or causal hours until the full details of the new payment are published. We will need to be confident that it does not amount to a wage subsidy for low-wage employers and precarious jobs.

ICTU believes the proposal to maintain a modified version of the existing Systematic Short-Time Work Scheme for workers placed temporarily on shorter-working hours by their employer due to a business or other disruption suggests a stepping back from previous Government commitments to introduce a genuine Short-Time Work Scheme, modelled on the most effective schemes in other European countries, as advocated by ICTU for a number of years.

Qualifying Requirements

ICTU agrees in principle to the proposal to base the assessment of eligibility on a worker's recent employment history and PRSI contributions record.

While this will eliminate anomalies in the existing Jobseeker's Benefit, ICTU is very concerned it puts new mothers and other workers made unemployed shortly after a period of unpaid maternity and family care leave at a disadvantage meeting the requirements to qualify for the

The Department must clarify how the qualifying requirements will accommodate working parents and carers.

payment (i.e. 26 paid contributions in the 12 months prior to making a claim with at least four in the previous 10 weeks).

The Department of Social Protection must clarify how the qualifying requirements will accommodate working parents and carers.

Consideration is been given to strengthening the existing qualifying requirement for unemployed workers to engage with the Public Employment Service to assist their quick return to work. ICTU recommends focusing on engagement by other actors (i.e. employers) with the Public Employment Service warrants more attention at this stage as outlined in Pathways to Work 2021-2025.

Payment Rates

Use income bands to set the payment rates for workers who earned less than a full-time minimum wage.

ICTU does not agree to the proposal to have two maximum income replacement rates (60% and 50%) and two maximum weekly payment caps (€450 and €350).

ICTU is very concerned this proposal leaves workers who previously earned over €260 and under €445 a week worse off by up to €77. ICTU recommends using bands to set the payment rates (as used in the existing Jobseeker's Benefit and PUP) for workers who earned less than a full-time minimum wage.

For workers with previous earnings above a full-time minimum wage, ICTU recommends one rate at a minimum 70% and one cap at a minimum €550, similar to the new statutory sick pay scheme. The proposal to have two rates and two caps is atypical. It adds unnecessary complexity to the already complex welfare system and creates an income cliff for workers falling just short of the minimum requirement for the higher replacement rate and payment cap.

One rate at a minimum 70% and one cap at a minimum €550, in line with statutory sick pay scheme, for workers earning above minimum wage.

ICTU is concerned the proposal to not pay top-up payments for dependent family members combined with the proposed loss of up to €77 a week for low-wage part-time workers will disproportionally and significantly weaken the existing income protection of working single parents and carers, the majority of whom are women. ICTU calls on the Department of Social Protection to publish a poverty and gender impact analysis of the proposal to individualise the payment.

Duration of Payment

ICTU supports the proposal to time-limit the duration of the payment in line with existing arrangements.

However, the payment is to be gradually withdrawn after 3 months for workers with a long work history and PRSI record. By not applying the taper withdrawal of the payment for at least six months would mean that over 70% of unemployed workers - who find new employment within this period - will not be impacted.

ICTU acknowledges that the attachment to the labour market rule is weak in the rules for requalification to the existing Jobseeker's Benefit. The proposal a worker will be eligible for a pay-related payment for a maximum of nine or six months in any 24-month period is a significant increase on the 13 weeks currently required to requalify.

Extending Pay-Related Benefits

ICTU believes there is a strong case for extending pay-related payments to other short-term income supports for workers such as maternity, paternity, parent's and illness benefits.

Ireland is one of only two of the EU's 27 Member States to pay Maternity Benefit at a flat amount (€274 a week). Across the EU, it is the norm to replace all or nearly all of a new mother's earnings. Leaving it to employers to pick up the cost of topping up Maternity Benefit risks negatively influencing hiring decisions and widening the gender employment and pay gaps.

Only half of eligible fathers in the private sector have availed of Paternity Benefit (€274 a week) and mothers are twice as likely to avail of Parent's Benefit (€274 a week). Pay-related payments promote greater uptake among fathers and more equal sharing of care in working families and gender equality in workplaces, helping to close the gender pay and pensions gaps.

Inadequate Illness Benefit (€232 a week) pushes workers into returning to work too soon and risks causing a relapse, workplace accident and spreading infection. This is recognised across the EU27 where sickness benefit replaces between 70% and 100% of a worker's wage during periods of illness.

Ireland is one of only two of the EU's 27 Member States not to replace all or nearly all of a new mother's wage.

Sustainability

Despite high taxes, to fund their comprehensive welfare system, Nordic countries rank amongst the most competitive in the world with very high levels of labour productivity and per capita output.

ICTU recognises that improving the adequacy of social welfare benefits will require higher and new social insurance contributions to address the challenges facing the Social Insurance Fund.

But there is scope for revenue raising. The yield from employer social insurance contributions alone would need to almost double just to reach the EU average.

Critics will argue that increasing taxes on labour to cover the costs associated with introducing pay-related benefits will stunt economic growth and erode national competitiveness. But, we only have to look at the success of the Nordic countries. Despite high taxes, to fund their comprehensive welfare system, they tend to rank amongst the most competitive in the world with very high levels of labour productivity and per capita output.

ICTU calls on the Department of Social Protection to publish their PRSI Roadmap in full, instead of piecemeal and without prior consultation.

STRONGER TOGETHER

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