

**February 2023**

NDA Submission to the Department of Social Protection on the Pay-Related Job Seekers Benefit[[1]](#footnote-1)

## Introduction

The National Disability Authority (NDA) is the independent statutory body with a duty to provide information and evidence-informed advice to Government and officials in the public sector on disability matters, and to promote Universal Design.

The NDA welcomes the opportunity to comment on the Strawman for a Pay-Related Jobseeker’s Benefit Scheme. Of particular interest to the NDA is how this Strawman proposal will inform the direction of travel for future Social Protection policy changes, and how it will impact on the lives of persons with disabilities. The NDA welcomes the Strawman approach to public consultation, as presenting work-in-progress policy design and inviting and giving careful consideration to public feedback contributes to well-designed social welfare policies.

## Broadening of scheme to wider cohort

In the Strawman proposal presented by the Department, self-employed workers, part-time workers and casual workers are not included in the scheme. Recent ESRI research demonstrates that persons with disabilities are less likely to work full-time than those without a disability.[[2]](#footnote-2) OECD research shows that the share of part-time self-employment for persons with disabilities is twice the observed share for persons without disabilities.[[3]](#footnote-3) People with disabilities encounter significant barriers to employment, including discrimination, with the employment gap in Ireland between people with and without disabilities one of the largest across EU countries. Only a third of the working age people with disabilities indicated that their main economic status in 2016 was employment as compared to two-thirds for persons without disabilities.[[4]](#footnote-4) The NDA recommend that the scheme be broadened to self-employed and part-time workers, as persons with disabilities often choose these employment options due to the flexibility it provides and the ability it gives them to overcome other barriers to employment, such as lack of availability of accessible transport and ability to pace their work. As noted in the Strawman briefing document, recent technological developments within the Department of Social Protection and the Office of the Revenue Commissioners should alleviate any complexity involved in broadening the scheme, as it is now possible to capture earnings data in close to real time.

## Illness Benefit

The requirements for the Pay-Related Jobseekers Benefit are that applicants must be actively looking and capable of work, which would exclude those who have contributed to the social insurance scheme, over a potentially long period of time, but who acquire an illness or disability and are therefore not eligible for the scheme. The ESRI research report on Earnings Related Benefits in Ireland, used to inform the Strawman, includes a recommendation that illness benefit and maternity benefit be linked to earnings.[[5]](#footnote-5) The NDA recommends the careful consideration of the introduction of a pay-related illness benefit to cushion the income shock for people who experience the onset of an illness and are therefore unable to work. International evidence shows that low illness benefit provision is associated with health relapses and work accidents, and has public health implications.[[6]](#footnote-6)

## Building capacity of the Public Employment Service

The NDA advise that the Department of Social Protection build additional capacity and resourcing in the public employment service alongside any potential changes to social welfare policy. Intreo should be appropriately resourced to respond to the needs of all presenting clients, regardless of their ability or disability. The NDA advise that the Department of Social Protection extend the provision of Intreo supports, including the case manager approach, to support labour market activation and support the individual to navigate the system. As noted in the Strawman, improving labour force matching, and getting people into appropriate jobs has long-term economic benefits. The NDA also notes the proposal in the Strawman that the Pay-Related Jobseekers Benefit taper off over time. If accompanied by an extension to the duration of the benefits, tapering could be a positive step to ensure that people are kept in the system for longer with more access to public employment services. This could help facilitate better labour market participation for many cohorts, not just those on Jobseekers Benefit. As many social welfare income supports, including Intreo supports, are withdrawn immediately once there is a change in circumstance, tapering over time may provide an incentive to people to move from no employment to part-time employment or from part-time to full-time employment.

## Cost of Disability

The NDA welcomes the work undertaken in the Department of Social Protection to further understand the additional costs of disability in order to consider ways of addressing same. The department plays a lead role in the Programme for Government commitment to use research on the cost of disability to inform the future direction of policy. The Cost of Disability research report by Indecon found that the financial cost of disability can be significant and varies from person to person, depending on the type and severity of disability, meaning that a one-size-fits-all approach is not always appropriate.[[7]](#footnote-7) The NDA notes the recent cost of living supports, including an additional €200 in a one off payment for those on long-term social welfare payments in February 2023, as well as measures announced as part of Budget 2023. These one-off payments, while welcome, must be accompanied by measures that are more targeted to those who face the largest expenses. The NDA recommend that Cost of Disability research inform future policy of the department and ensure the financial adequacy of long-term illness and disability payments.

## Equity Considerations

Persons with disabilities experience persistent barriers to employment, resulting in consistently poorer labour force participation, fewer hours’ worked and lower wages compared to people with disabilities.[[8]](#footnote-8) Research from the ESRI shows that there are fewer people with disabilities in higher earning occupations, such as managerial, professional and administrative work, and more persons with disabilities in lower earning occupations, such as machine operatives, with very little change over time in these proportions.[[9]](#footnote-9) This is reflected in figures published by the CSO that show the median earned income of people with disabilities in employment was €20,212 in 2019, compared to the state media income of €36,095 in 2018. The introduction of a Pay-Related Jobseekers Benefit Scheme would not benefit those with weak connection to the labour market and those in low-wage employment. The financing of this scheme should therefore be given careful consideration, in particular to ensuring that welfare payments to those most at risk of poverty, including persons with disabilities, are not adversely affected as a result. A recent study from the ESRI demonstrates that those with disabilities are more than twice as likely to experience poverty and deprivation as those with disabilities.[[10]](#footnote-10) This proposal could further increase the divide between payments paid through social insurance and welfare based schemes. The NDA would welcome a commitment to ensuring that other cohorts, such as those on disability allowance and long-term illness payments, are not left behind as a result of any proposed changes to social welfare policy.

## Equality Proofing and the SWITCH Model

The NDA recommends that this proposal for Pay-Related Jobseeker’s Benefit is appropriately equality proofed. The NDA looks forward to the results of the Simulating Welfare and Income Tax Changes (SWITCH) modelling by the ESRI, which will support the assessment of the cost, distributive and incentive implications of any potential policy change. The NDA recommend that persons with disabilities are included in the SWITCH analysis, to estimate the effect of policy reform on households, distinguishing between those affected and not affected by disability. The NDA are available to consult with the Department of Social Protection and the ESRI on this point.

## Considerations on the future policy design

The NDA welcomes the opportunity to submit feedback on the principles of a Working Age Payment to the Department of Social Protection, noting that a separate public consultation and Strawman on the Working Age Payment will be forthcoming. The proposed model for the Pay-Related Jobseekers Benefit and the Working Age Payment will form part of a move toward social protection individualisation, which would ensure that individuals are treated distinctly within the social welfare system. As noted by the Commission on Taxation and Welfare, this would have implications for means-testing and the treatment of households. A move towards social welfare individualisation would have significant implications for other welfare payments, including long-term disability payments. The NDA also acknowledges the distortionary effects of banding allowances, which can result in a significant difference for those just above or just below bands. The move away from banding of income to a percentage based model is welcome.

## Conclusion

The NDA would be happy to engage with officials from the Department of Social Protection on any of the points raised in this submission on a Strawman for a Pay-Related Jobseeker’s Benefit Scheme. We also look forward to making submissions on forthcoming public consultations on various reforms to social welfare policy which can have a significant impact on the lives of people with disabilities.

1. <https://www.gov.ie/en/consultation/a73aa-pay-related-benefit-scheme-consultation/> [↑](#footnote-ref-1)
2. <https://www.esri.ie/system/files/publications/SUSTAT107_1.pdf> [↑](#footnote-ref-2)
3. <https://www.oecd.org/cfe/disability-work-and-inclusion-in-ireland-74b45baa-en.htm> [↑](#footnote-ref-3)
4. <https://nda.ie/uploads/publications/nda-factsheet-2-employment.pdf> [↑](#footnote-ref-4)
5. <https://www.esri.ie/system/files/publications/BP202302_0.pdf> [↑](#footnote-ref-5)
6. Marie, O. and J. Vall Castello (2022). Sick leave cuts and unhealthy returns to work, Working Paper No. 9550, CESifo, Munich (<https://www.cesifo.org/DocDL/cesifo1_wp9550.pdf>) [↑](#footnote-ref-6)
7. [gov.ie - The Cost of Disability in Ireland – Research Report (www.gov.ie)](https://www.gov.ie/en/publication/1d84e-the-cost-of-disability-in-ireland-research-report/) [↑](#footnote-ref-7)
8. <https://www.oecd-ilibrary.org/sites/74b45baa-en/index.html?itemId=/content/publication/74b45baa-en> [↑](#footnote-ref-8)
9. <https://www.esri.ie/system/files/publications/SUSTAT107_1.pdf> [↑](#footnote-ref-9)
10. <https://www.esri.ie/publications/identification-of-skills-gaps-among-persons-with-disabilities-and-their-employment> [↑](#footnote-ref-10)