An Roinn Coimirce Sóisialaí
Department of Social Protection

Labour Market Advisory Council

March 1st, 2022

Labour Market Update

Prepared by the Labour Market Analytics Unit

Key Messages

- Following the re-introduction of public health restrictions in December 2021, the COVID-19 adjusted rate of unemployment increased between November 2021 and January 2022, from 6.9 to 7.8 percent. However, the seasonally adjusted standard ILO measure remained stable at 5.3 percent. This is close to pre-pandemic unemployment levels, with the equivalent rate in January 2020 being 4.9 percent.

- The Live Register stood at 161,330 on the February18th. The re-imposition of restrictions from early December did not result in significant increases in the Live Register. Between PUP and the Live Register, almost 218,000 individuals are in receipt of State income supports as of February 22nd. Prior to the introduction of emergency COVID-19 supports in Ireland, in March 2020, close to 183,000 people were on the Live Register.

- As of February 22nd, 56,733 individuals were in receipt of PUP. The number of persons claiming PUP is now just over 3,400 higher than before the December reopening of the scheme. Since PUP closed to new applicants on January 22nd, recipient numbers have fallen by close to 23,700 with average weekly declines of over 8 percent. If this reopening period follows a similar trajectory to past experiences of economic reopening, numbers should fall quickly in the coming weeks.

- Prior to the re-introduction of public health restrictions, the phased closure of the PUP had commenced. PUP recipients were transitioned from the lowest payment rate on the PUP to the Live Register, on October 26th and November 16th. PUP numbers fell sharply on these weeks, by close to 12,800 and 14,300, respectively. However, the Live Register did not increase by equivalent numbers during this period. This was largely due to buoyant labour market conditions leading to continued exits to employment from PUP and the Live Register, as well as differing eligibility rules between PUP and Jobseeker's payments.

- The proportion of Live Register claimants who are long term (with a duration of one year or more), has increased compared to pre-pandemic. As of February 18th, 44.3 percent were long term, close to 8 percentage points higher than the equivalent pre-pandemic level in February 2020.

- There were 265,300 employees supported by EWSS in January. The number of supported employees has steadily declined since June 2021 when there were 344,800 employees on EWSS, a decline of 79,500. The Accommodation & Food sector accounted for over 40 percent of employees on EWSS in January.

- In this most recent "Omicron" wave of COVID-19, substantially higher numbers of people availed of the Enhanced Illness Benefit payment than in previous waves. This indicates that the number of people being infected by COVID-19 and the associated 'close contact' rules had a much more significant impact on the labour market than during previous periods.

- The Q4 2021 Labour Force Survey estimated that Ireland's labour force had risen to its highest recorded level of 2.63 million. The employment figure was reported to be slightly over 2.5 million, which is also the highest recorded level of employment in the history of the State. The corresponding employment rate in Q4 2021 is 73 percent for those aged 15-64. However, total hours worked per week in Q4 2021, at 77.6 million hours, has just recovered to pre-pandemic levels.

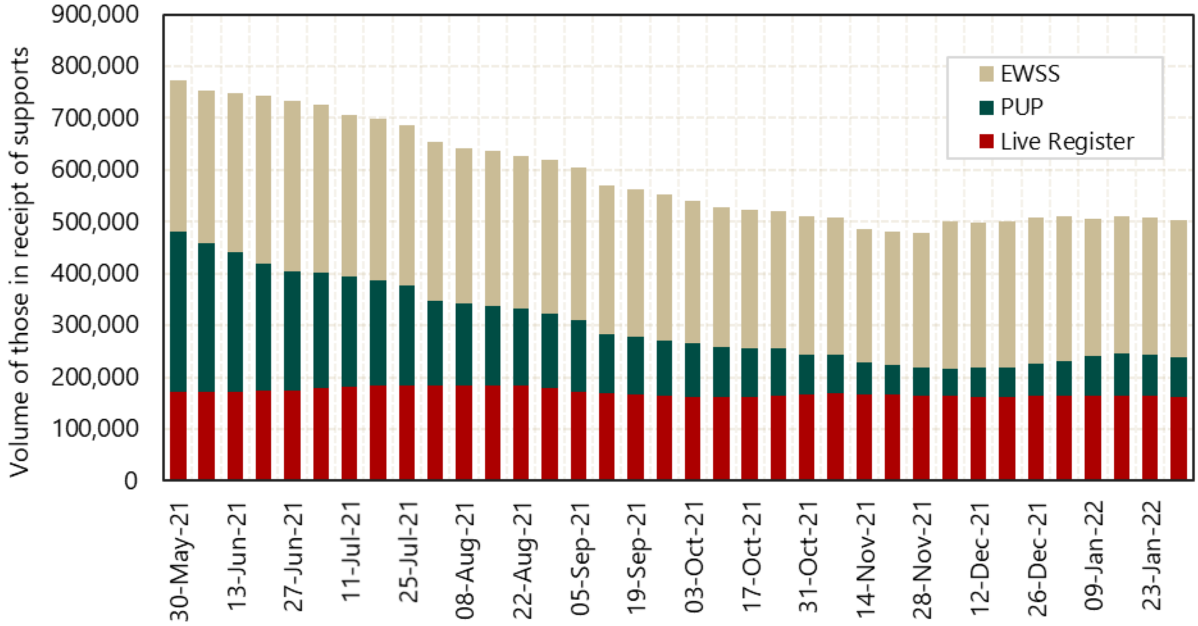
- CSO Q3 2021 vacancy data and other higher frequency data sources suggest that there are a high number of vacancies in the labour market.

Contents

1. Trends in State Income Supports

Figure 1 below illustrates the number of recipients of the Pandemic Unemployment Payment (PUP), employees supported by EWSS and individuals on the Live Register from June 2021 to February 2022.

Figure 1: Overview of trends in the PUP, EWSS and Live Register: June 2021 – January 2022



Source: Revenue and DSP administrative data (figures are provisional and subject to revision).
Note: EWSS figures from December 2021 are monthly aggregates. February 2022 EWSS figures are incomplete at the time of writing and so are not included in the graph.

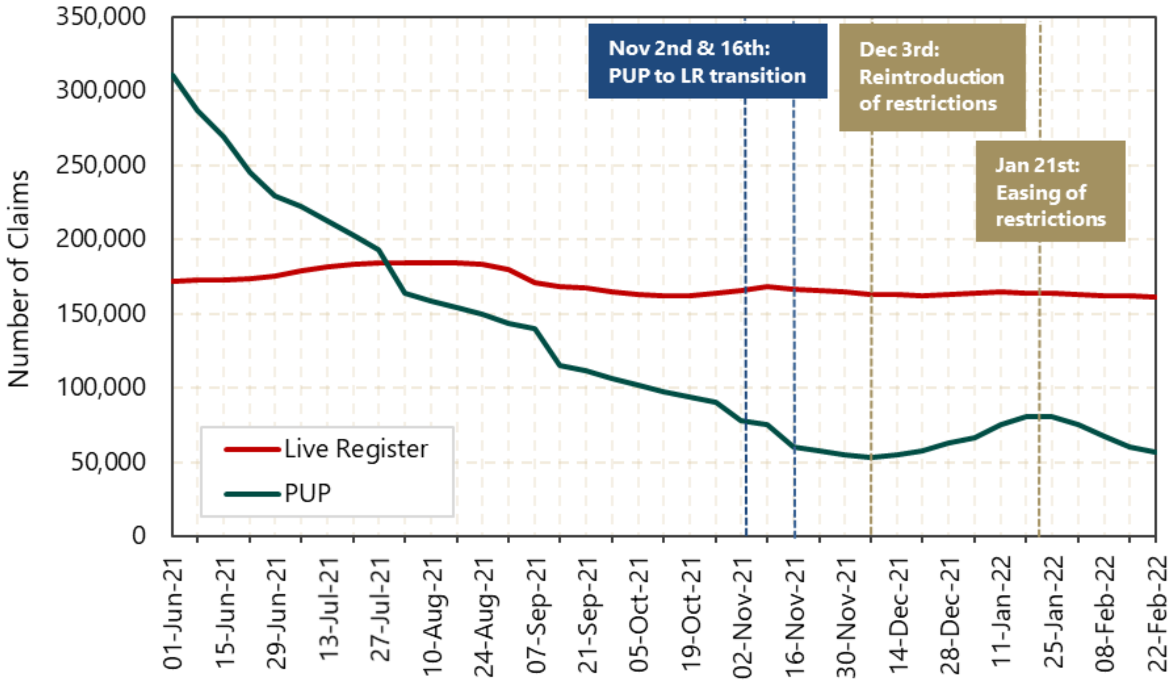
1.1 Overview of Trends in PUP & the Live Register

Latest figures (as of February 22nd, 2022) indicate that there are 56,733 persons supported by the PUP. Numbers on the payment increased quickly following the re-introduction of public health restrictions on December 7th and the consequent reopening of PUP for people who lost employment as a result of these restrictions. Between December 7th and January 25th, the number of people claiming PUP increased from 53,331 to 80,524, an increase of almost 52 percent.

However, following the Government's announcement to ease restrictions on January 21st, PUP closed for new applications. Following this, PUP recipient numbers have fallen sharply, by close to 23,700, representing a decline of 30 percent. As past experience shows, changes in weekly PUP recipients typically lag changes in restrictions and, as such, further declines may be expected in the coming weeks, with more individuals closing their claims and returning to work.

As of Friday February 18th, 2022, the Live Register stood at 161,330. As illustrated in Figure 2 below, the strengthening of restrictions in some sectors from early December did not result in discernible increases in the Live Register. This indicates that, as in previous periods of increased public health restrictions, the PUP absorbed the impacted workers. Furthermore, as will be discussed in section 2.4.1, declines in PUP numbers as a result of the formal transition of PUP recipients to the Live Register did not lead to equivalent increases in the Live Register.

Figure 2: Trends in PUP and the Live Register since June 2021



Source: DSP administrative data (figures are provisional and subject to revision).

As of the 22nd of February, the Live Register and PUP combined are supporting over 218,000 individuals.

1.2 Overview of Trends in the Employment Wage Subsidy Scheme (EWSS)

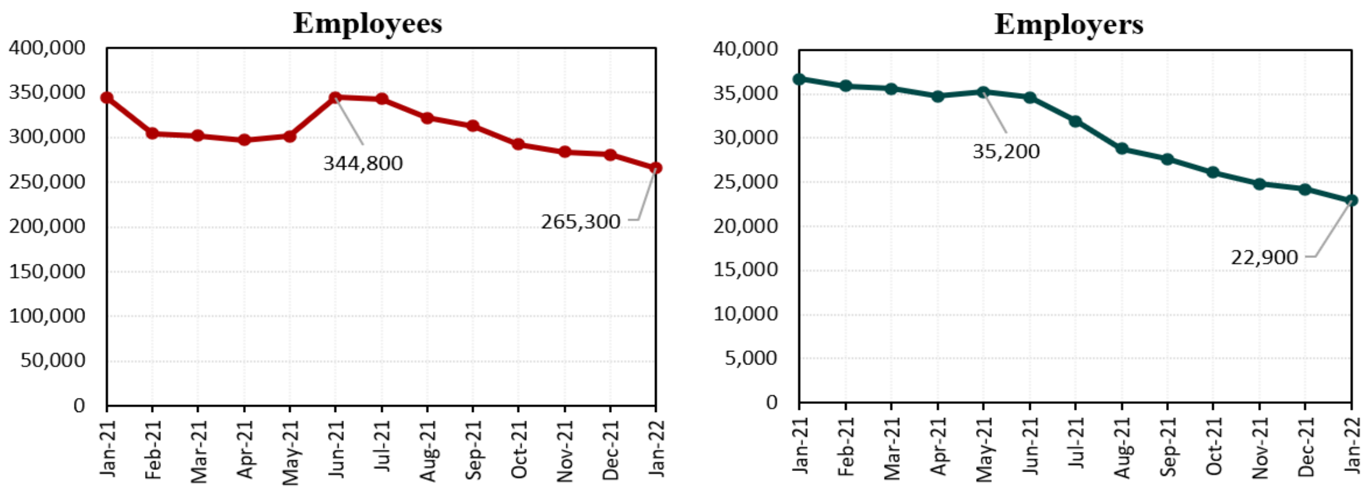
The latest Revenue statistical release on February 17th, 2022, reports that EWSS payments in respect of 265,300 employees were processed in January 2021, down by 15,400 since December. This marks the seventh consecutive monthly decline in the number of employees supported by EWSS. The number of employers utilising EWSS also continually fell through the second half of 2021. In January, 22,900 employers registered for EWSS, a fall of 1,300 between December and January which represented the eighth consecutive monthly decline.[1]

Figure 3 illustrates the trajectories in the number of employees and employers supported by EWSS in 2021. The slow pace of decline for both employees and employers emphasises the

[1] As of February 17th, Revenue is reporting a provisional figure of 200,700 employees and 17,000 employers on EWSS in February. However, this figure will be revised upward as more payslips are processed in the coming weeks.

fact that a substantial number of firms did not return to pre-pandemic revenue levels in 2021. The number of employees supported by EWSS fell from 344,800 to 265,300 between June 2021 and January 2022, representing a decrease of 23 percent. The number of employers supported by EWSS declined considerably faster in the same period, from 34,600 in June 2021 to 22,900 in January 2022, a decrease of 34 percent. This reflects the improvement in economic activity in the second half of 2021.

Figure 3: Monthly EWSS recipients (Employers and Employees).

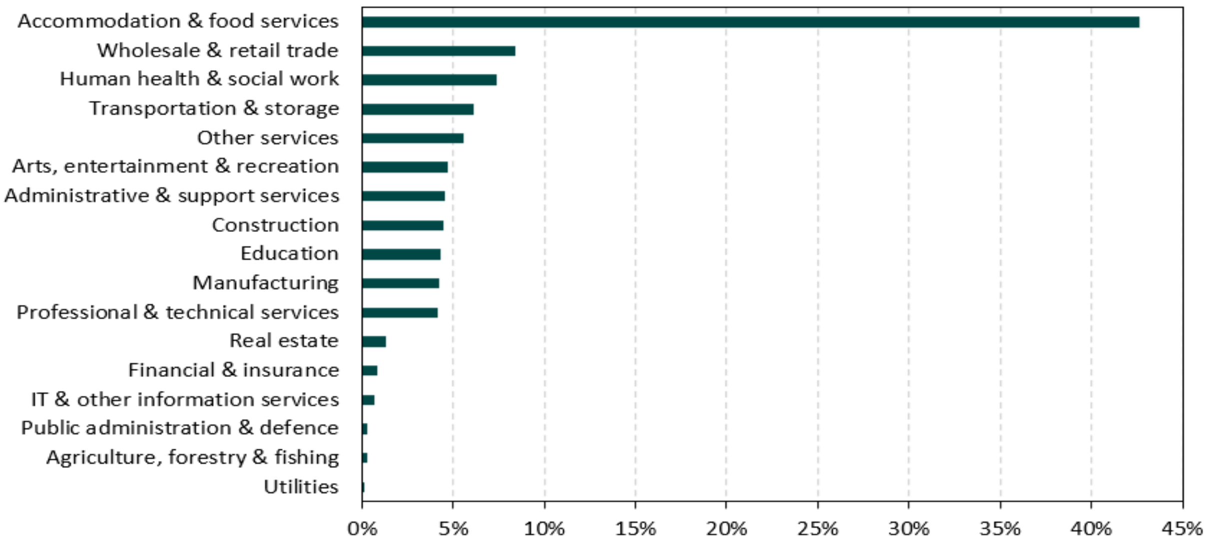


Source: Revenue (figures are provisional and subject to revision).

1.2.1 Sectoral Breakdown of EWSS

In relation to the distribution of EWSS claimants across sectors, Accommodation & Food is by far the single biggest sector. In January 2022, 43 percent of EWSS supported employees worked in the sector. The next largest sectors are Wholesale & Retail Trade, Health & Social Work and Transportation & Storage. These three sectors combined accounted for 22 percent of total employee claims in December. The breakdown is highlighted in Figure 4.

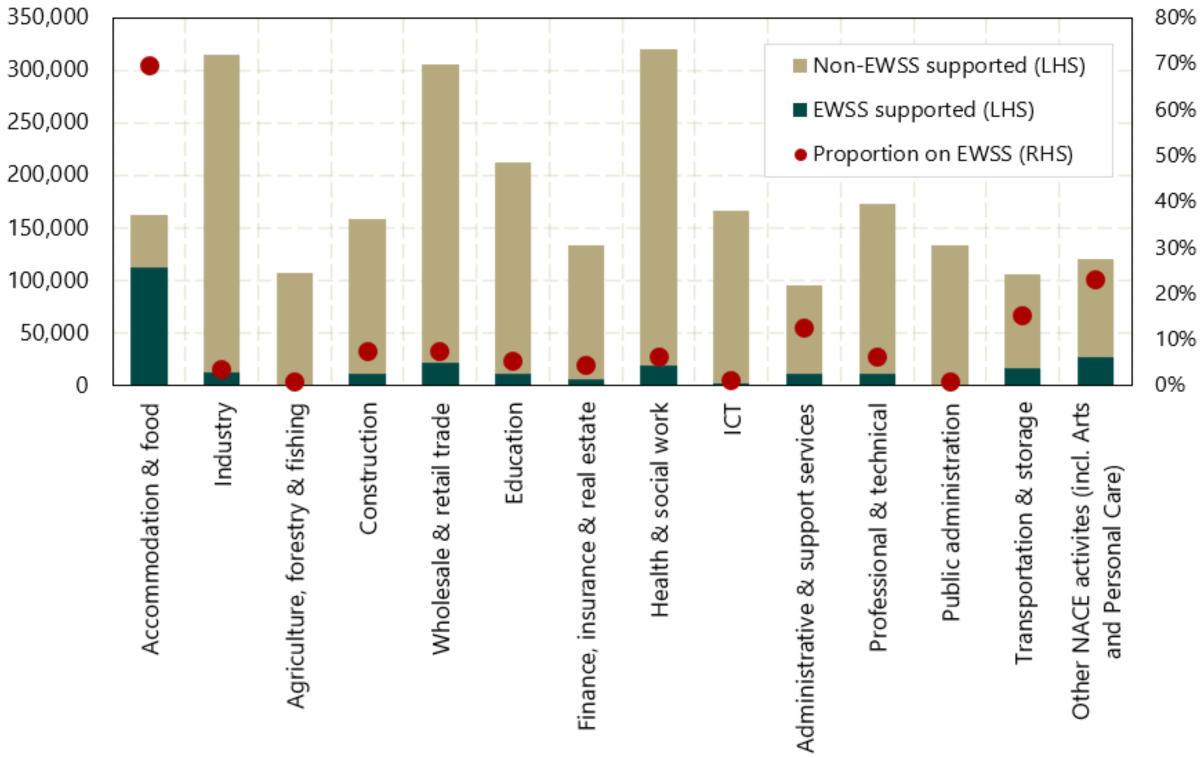
Figure 4: Sectoral distribution of EWSS supported employees (December 2021)



Source: Revenue EWSS Release on February 17th, 2022, (figures are provisional and subject to revision).

In terms of relative reliance on EWSS support, Figure 5 below shows the number of workers in each sector according to the Q4 2021 Labour Force Survey, together with the proportion of workers on EWSS payments. Of all sectors, the Accommodation & Food sector has by far the highest proportion of employees, over 70 percent, that are being supported by the EWSS. While Wholesale & Retail Trade has the second most EWSS supported employees in absolute terms, less than 10 percent of the sector's employees are supported by EWSS payments.

Figure 5: Total sectoral employment supported by EWSS[2]



Source: Revenue January 2022 and CSO LFS Q4, 2021. (figures are provisional and subject to revision).

1.2.2 Winding down of EWSS

As part of Budget 2022, the government set out the future direction of EWSS including its phased closure. These arrangements were subsequently amended in response to the public health situation, namely the extension of the enhanced rates of subsidy for a further two months

[2] To elaborate on the results portrayed in Figure 5, starting with the left axis, EWSS Supported employment is based on provisional sectoral employee numbers for the month of January and are calculated using the percentages provided in Revenue's weekly statistical release on February 17th. Non-EWSS supported employment is then calculated by subtracting the EWSS recipient numbers, from the CSO Labour Force Survey (LFS) employment estimates per sector for Q4 2021. For the right axis, the proportion on EWSS uses the number of EWSS recipients for a given sector as the numerator, and the number of LFS respondents in employment per sector as the denominator. Given that these statistics are from differing points in time and represent different time durations (monthly versus quarterly), the results should be considered a rough guide to sectoral reliance rather than a precise calculation.

(across December 2021 and January 2022) and the reopening of the scheme for certain businesses as announced on 9 and 21 December 2021 respectively.[3, 4]

For businesses **not** directly impacted by the public health restrictions introduced in December 2021, the EWSS will end on the 30th April. Currently, a two-rate subsidy of €151.50 and €203 applies for February. This two-rate subsidy will be replaced by a flat rate subsidy of €100 for March and April. Furthermore, the reduced rate of Employers' PRSI will no longer apply for March and April.

Businesses **directly impacted** by the public health restrictions introduced in December 2021 will continue to receive the enhanced rates of subsidy for February.[5] From March, the two-rate structure of €151.50 and €203 will apply. This will be replaced by the flat rate subsidy of €100 for April and May and the reduced rate of Employers PRSI will no longer apply. Finally, the EWSS will end on the 31st May.

To date, €98.2 million in payments have been made for the month of February. This time last month, just over €142 million had been paid out in January. This reflects the lower rate of subsidies that are now available for businesses not directly impacted by the public health restrictions.

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[3] gov.ie - Minister Donohoe announces changes to economic supports for businesses most impacted by recent public health restrictions (www.gov.ie)

[4] Employment Wage Subsidy Scheme (citizensinformation.ie)

[5] The subsidy rate per employee earning between €151.50 and €202.99 is €203. For those earning between €203 and €299.99, the subsidy rate is €250. For those earning between €300 and €399.99, the subsidy rate is €300. For those earning between €400 and €1,462, the subsidy rate is €350.

2. Analysis of PUP Recipients

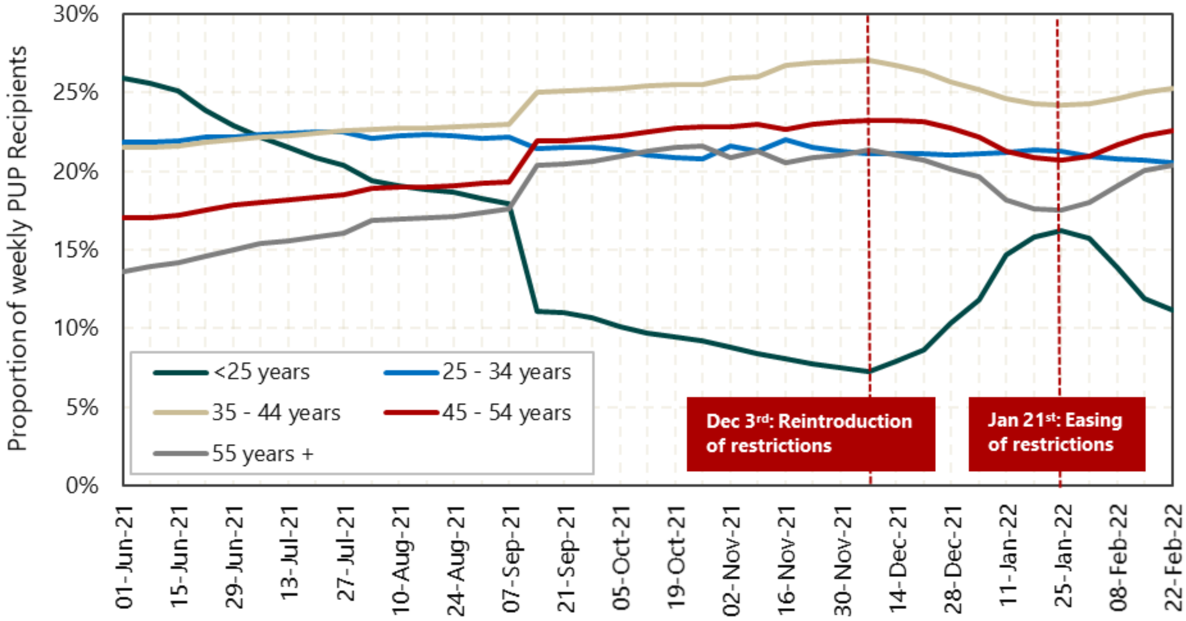
2.1 PUP Demographic & Sectoral Trends

Of the 56,733 recipients currently in receipt of the PUP, 23,395 are female (41 percent) and 33,338 are male (59 percent). Males are overrepresented on the PUP compared to their share of the labour force which was 53 percent in Q4 2021.

On February 22nd, the largest age cohort in receipt of the PUP was the 35-44 group which accounts for 25.3 percent of all active claims. This is only slightly below the 26.5 percent of the pre-pandemic labour force in this age bracket. Young people under the age of 25 account for 11.2 percent of those on the payment, also slightly below their pre-pandemic share of the labour force which was approximately 12 percent. As shown in Figure 6 below, the share of young PUP recipients increased sharply from 7.3 percent on December 7th and represented a reversal of the declining trend observed prior to the re-introduction of public health restrictions.

The sharp increase in the share of younger recipients on the PUP is typical of past periods of strengthened restrictions and is the result of their likelihood to work in the most impacted sectors, primarily hospitality services. However, owing to the recent easing of restrictions this increase has been temporary in nature with young people closing claims faster than any other age cohort in recent weeks.

Figure 6: Proportion of weekly PUP recipients by age (June 2021 – February 2022)

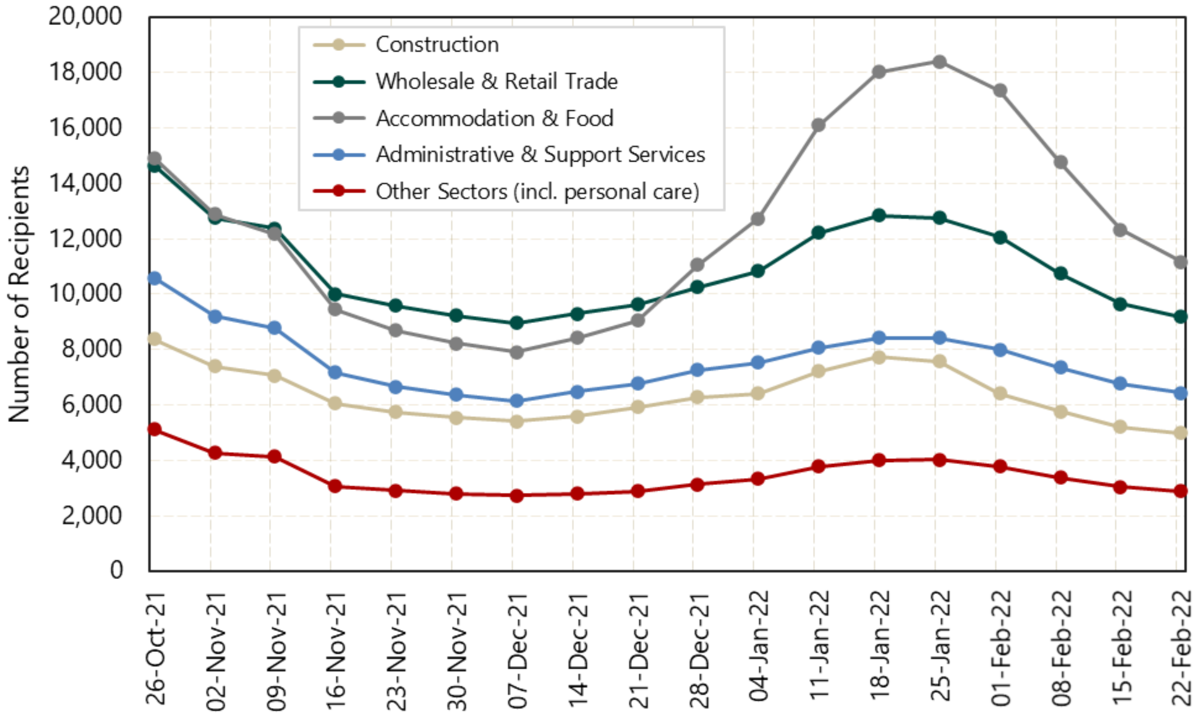


Source: DSP administrative data (figures are provisional and subject to revision).

In relation to the distribution of recipients across sectors, Accommodation & Food, Wholesale & Retail Trade and Administrative & Support Services are currently the three largest sectors, accounting for 47 percent of total claimants. As shown in Figure 7 below, between December 7th and January 25th, the largest sectoral increase was in Accommodation & Food with almost 10,500 workers joining PUP. However, since the subsequent easing of restrictions on January

21st, the Accommodation & Food sector has also had the largest fall in numbers, approximately 7,200. This represents a reduction of almost 40 percent in the weeks since reopening. The next largest proportional reduction was in the Construction sector, which fell by 34 percent.

Figure 7: Numbers of PUP recipients from select sectors (October 2021 – February 2022).



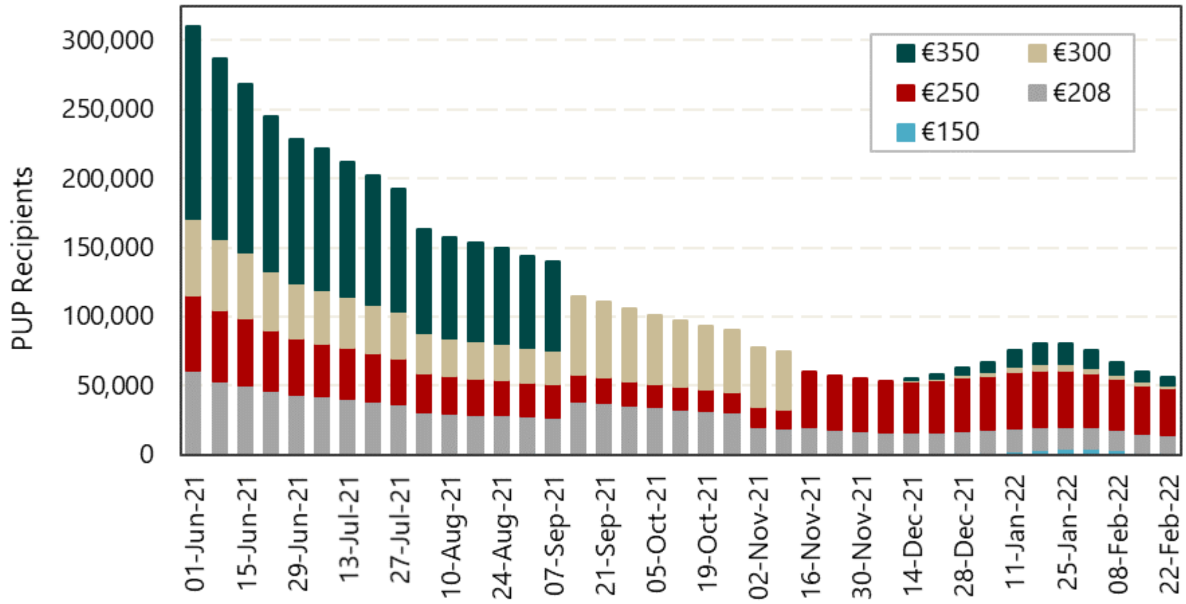
Source: DSP administrative data (figures are provisional and subject to revision).

As in prior lockdowns, there continued to be churn in the labour market with individuals exiting the PUP to return to work during both December and January 2022, despite the heightened public health restrictions. These outflows are masked when aggregate weekly figures in receipt of the payment are considered.

2.2 Changes in Rates of Payment

Up to the 7th of December, payment rates had been gradually reduced with the planned phasing out of PUP. However, on the 7th of December, the €350 and €300 rate were re-introduced for new entrants only and a new €150 rate was also introduced. As shown in Figure 8, there are now five rates of payment in operation, €350, €300, €250, €208 and €150. The payment amount received is based on average weekly earnings from before the new restrictions caused a loss of employment.

Figure 8: Distribution of PUP recipients by payment rate since June 2021



Source: DSP administrative data (figures are provisional and subject to revision).

Since the easing of restrictions, the fastest rates of decline in the number of claims have been observed in the €150, €350 and €300 groups respectively. These three groups registered declines of 60, 59 and 56 percent respectively since the easing of restrictions. In contrast, the number of people receiving €250 or €208 per week have declined by only 21 and 16 percent since January 21st.

As will be explored further in the next section on relative PUP durations, these large differences in the pace of decline suggest that those who joined the PUP due to the December restrictions are likely to be much closer to the labour market than those who were on the PUP prior to December 7th.

2.3 Durations of PUP Claims

Of the 56,733 PUP recipients currently in receipt of the payment, approximately three quarters were availing of PUP prior to the reopening of the scheme in December with one quarter of recipients having joined or re-joined PUP since December 7th.

The average number of payments received for those who entered the scheme before and after December 7th are close to 86 and 53 respectively. These figures tell us that most post-December 7th PUP recipients availed of the scheme previously, in fact around 84 percent of the post December 7th cohort availed of the scheme previously. In addition, and more importantly, it is anticipated that the two cohorts will, on average, have different expected outcomes following the closure of the PUP.

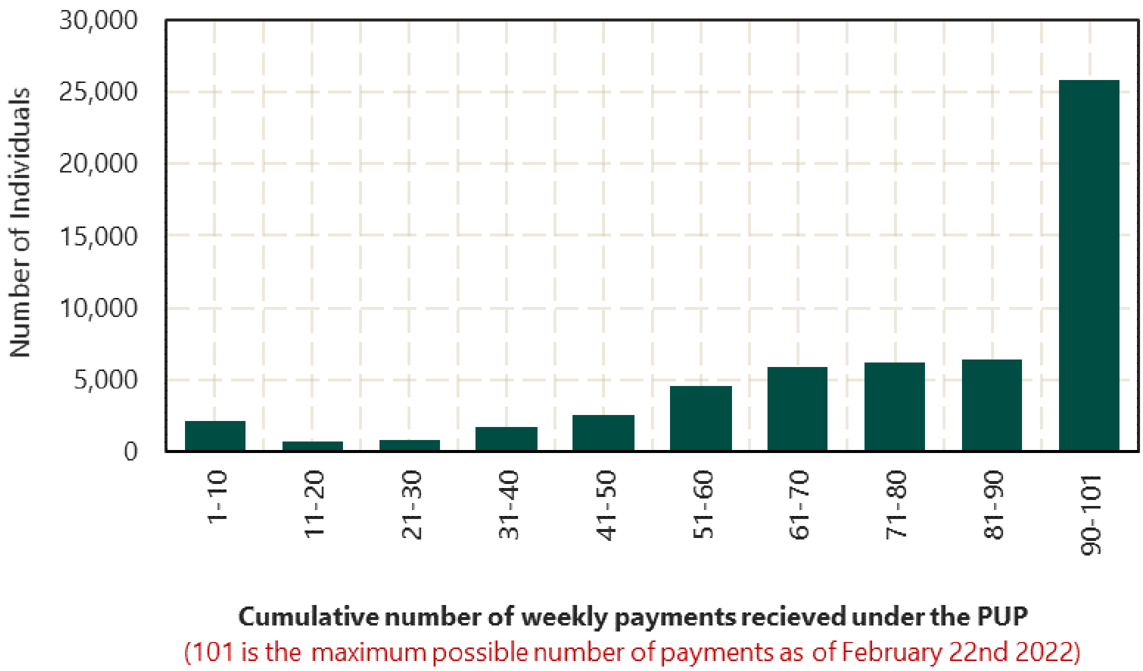
Those who entered PUP before December 7th have been out of work for prolonged periods and could be considered long-term unemployed based on their length of time out of work. Indeed, of this group, more than half have been on PUP for at least 90 of the possible 101 weeks of

PUP. In contrast, the post-December 7th PUP population are closer to both the labour market and their previous jobs and should continue to return to work reasonably quickly over the coming weeks.

As mentioned in the previous section, this differentiated rate of exit between the two groups has been occurring in recent weeks with the post December 7th cohort closing claims much more quickly.

Figure 9, below, shows the proportion of current PUP recipients by the total number of payments they have received.

Figure 9: Distribution of PUP recipients by number of payments received, as of February 22nd, 2022



Source: DSP administrative data (figures are provisional and subject to revision).
All recipients of 11 payments or less fall in the post December 7th cohort.

2.4 Winding down of PUP

Prior to the expansion of public health restrictions in December, the tapering of PUP payments and transition of recipients on the lowest payment rate to jobseeker terms had commenced.

2.4.1 Move to standard jobseeker terms (November 2021)

On November 2nd, the first tranche of PUP recipients on the €203 rate transitioned to jobseeker terms after receiving their final PUP payment on October 26th. The second round of rate reductions and transfer of those on the lowest rate to jobseeker terms proceeded on November 16th.

Numbers on the PUP fell sharply during this period, by approximately 12,800 on November 2nd, and 14,300 on November 16th.

The fact that the Live Register also declined over the transition period reflects the buoyancy of the labour market at the time. Indeed, between November 5th and December 3rd outflows from the Live Register numbered almost 22,500, while inflows, which included PUP recipients who were eligible for a Jobseeker's payment, numbered just 17,500.

As of February 18th 2022, 12,374 former PUP recipients who were formally transitioned to standard jobseeker's terms since end-October 2021 remained on the Live Register.

With regard to the transitions, the difference in the eligibility conditions for jobseeker payments and PUP contributes to the divergence in the numbers exiting PUP and subsequently appearing on the Live Register. For example, a person who was eligible for PUP may not be eligible for a jobseeker's payment and therefore would not appear on the Live Register post PUP exit.[6]

2.4.2 Future plans to unwind the PUP.

The PUP scheme will end on 25 March 2022 with the last payment on Tuesday, 29 March 2022. However, for some people PUP will end before this date as rates are gradually reduced.

With effect from March 8th 2022, anyone still in receipt of the PUP will move to a weekly rate of €208. This represents a four-week extension on what was previously announced as part of the roadmap for phasing out the PUP.

PUP recipients will once again start transitioning to standard jobseeker terms, and if eligible, will start to move onto a jobseeker payment effective from April 5th 2022.

The Department has also issued letters to 1,750 customers who are currently receiving the PUP in addition to another social welfare weekly payment (e.g. One Parent Family Payment, Disability Allowance, Carer's Allowance), advising them that they will not be receiving PUP from 25th February.

Letters have also issued to another cohort of customers advising them that they will transition to the standard jobseeker terms from 25th March and outlining the options available to them.[7]

3. Trends in Enhanced Illness Benefit

In interpreting the impact of the COVID-19 Omicron wave on Ireland's labour market, trends in the Enhanced Illness Benefit (EIB) are also informative.

[6] For instance, the Jobseeker's Allowance payment is means-tested while PUP is not. In addition, while self-employed PUP recipients are permitted to retain their full payment while earning up to €960 over 8 weeks, self-employed earnings are fully assessed for Jobseeker's Allowance means testing purposes.

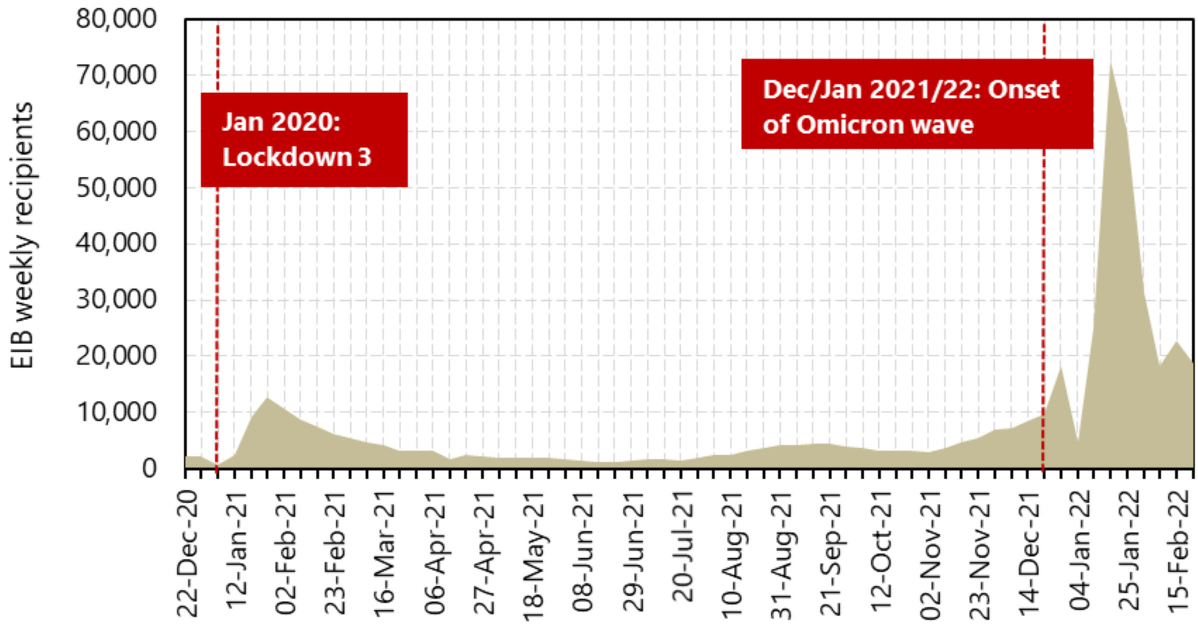
[7] Update on payments awarded for COVID-19 Pandemic Unemployment Payment and Enhanced Illness Benefit - 8 February 2022 (www.gov.ie)

In December 2021 and January 2022, the number of people applying for EIB was much higher than the number applying for the PUP. Moreover, numbers in receipt of EIB were far higher during the Omicron wave of the virus than in previous waves, as shown in Figure 10 below. Numbers in receipt of the payment peaked on January 14th at over 72,000 but have since declined to approximately 18,000 as of February 22nd.[8]

This indicates that on this occasion, the numbers with COVID-19 and the associated 'close contact' rules had a much more significant impact on the labour market and indeed our economic capacity than during previous periods.

From a sectoral perspective, the largest amount of EIB recipients entered the payment from Retail, Accommodation & Food and Manufacturing. Combined they accounted for between 49 and 55 percent of weekly EIB recipients for the first four weeks of January 2022.

Figure 10: EIB weekly recipients since December 2020 to February 2022.



Source: DSP administrative data (figures are provisional and subject to revision).

4. Long Term Share of the Live Register

A higher proportion of people on the Live Register in February 2022 are long-term claimants, (on the Live Register for a year or more), compared with the same time last year; 44.3 percent on February 18th, 2022 compared with 42 percent in February 2021. The current figure is also markedly higher than the equivalent pre-pandemic number of approximately 36 percent in February 2020.

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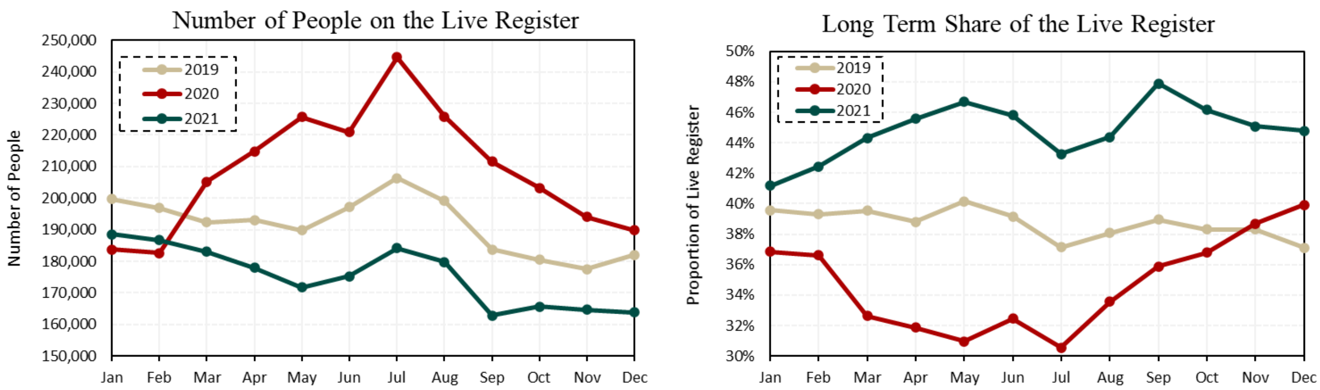
[8] It is also worth noting that some individuals are likely to have mistakenly applied to join the PUP, rather than the EIB payment simply due to lack of awareness of the support.

Figure 11, below, shows numbers on the Live Register over the past three years. In the left panel, the absolute numbers are shown while the right panel shows the proportion defined as long-term.

Focusing on 2021, the numbers on the Live Register are substantially lower than 2020 and lower still than 2019, the last full pre-pandemic year. This is because the majority of people who were unable to work during the pandemic entered PUP, rather than the Live Register.

The graph in the right panel charts the evolution of the share of long-term claimants in the Live Register since 2019. The increasing proportion of long-term claimants is apparent, with the 2021 year-end figure eight percentage points higher than the equivalent pre-pandemic level in December 2019.

Figure 11: Monthly Live Register claimants and long-term claimants as a percentage of the total, 2019 - 2021.



Source: CSO LRM18

In the final quarter of 2021 and the early stages of 2022, trends in the Live Register have been positive. Between September 3rd 2021 and February 18th 2022, the number of long-term Live Register registrants fell by close to 8,300, from approximately 79,800 to 71,500. The share of long-term registrants concurrently fell from 46.7 to 44.3 percent as reductions in long term registrants outpaced the net declines in shorter term registrants.

Combining the current long-term share of the Live Register with the number of pre-December 7th PUP recipients with 52 or more payments, gives an approximate figure of 112,000 long term recipients of both income support schemes. This is substantially higher than the pre-pandemic figure of approximately 67,000 who had been on the Live Register for more than 52 weeks as of the 21st of February 2020.

5. Trends & Changes in the Irish Labour Market

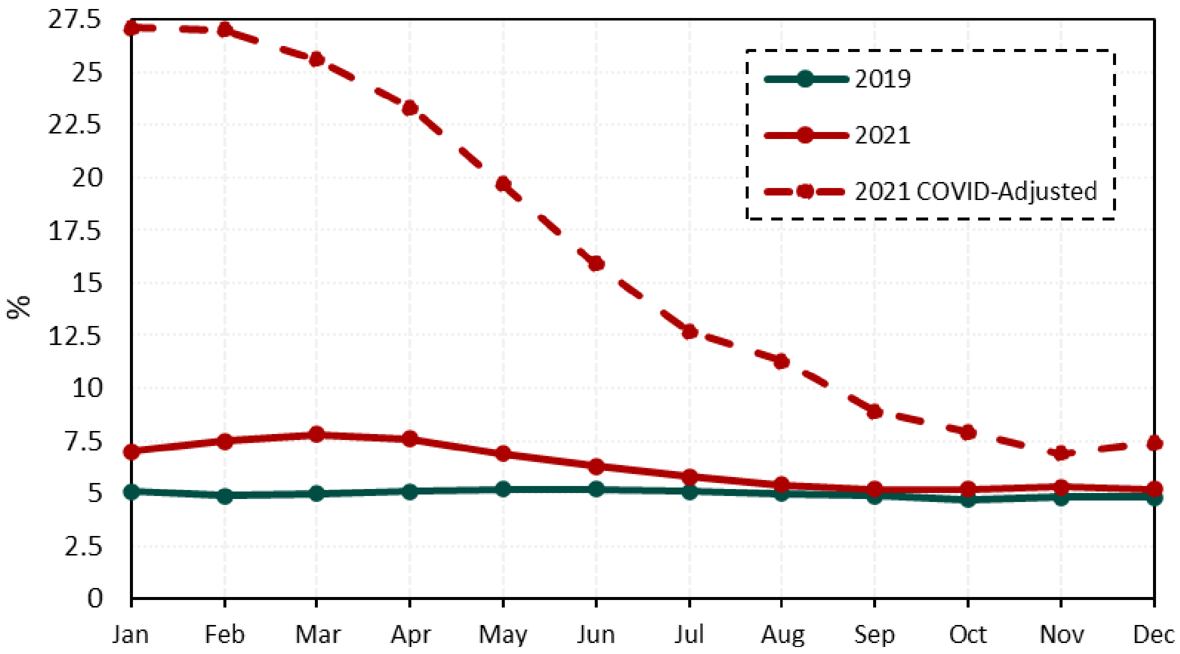
In the second half of 2021, the Irish labour market underwent a significant amount of structural change and reallocation. In the following sections, important trends relating to employment, labour force participation, hours worked and vacancies are explored.

5.1 Unemployment Trends

The most recent unemployment data available is the CSO's monthly series. The latest publication from January 2022, which reflects the impacts of the Omicron restrictions, shows an expected uptick in the COVID-19 adjusted rate of unemployment between November and January, from 6.9 to 7.8 percent. As the COVID-19 adjusted rate includes PUP recipients, this is not a surprise. However, the seasonally adjusted standard ILO measure remained stable at 5.3 percent, between November and January. Moreover, this rate close to pre-pandemic unemployment levels, with the equivalent rate in January 2020 being 4.9 percent.

Figure 12 highlights the trajectories of the seasonally adjusted and COVID-19 adjusted rates of unemployment for 2019 and 2021.

Figure 12: Standard (seasonally adjusted) and COVID-19 adjusted unemployment rates in 2019 and 2021

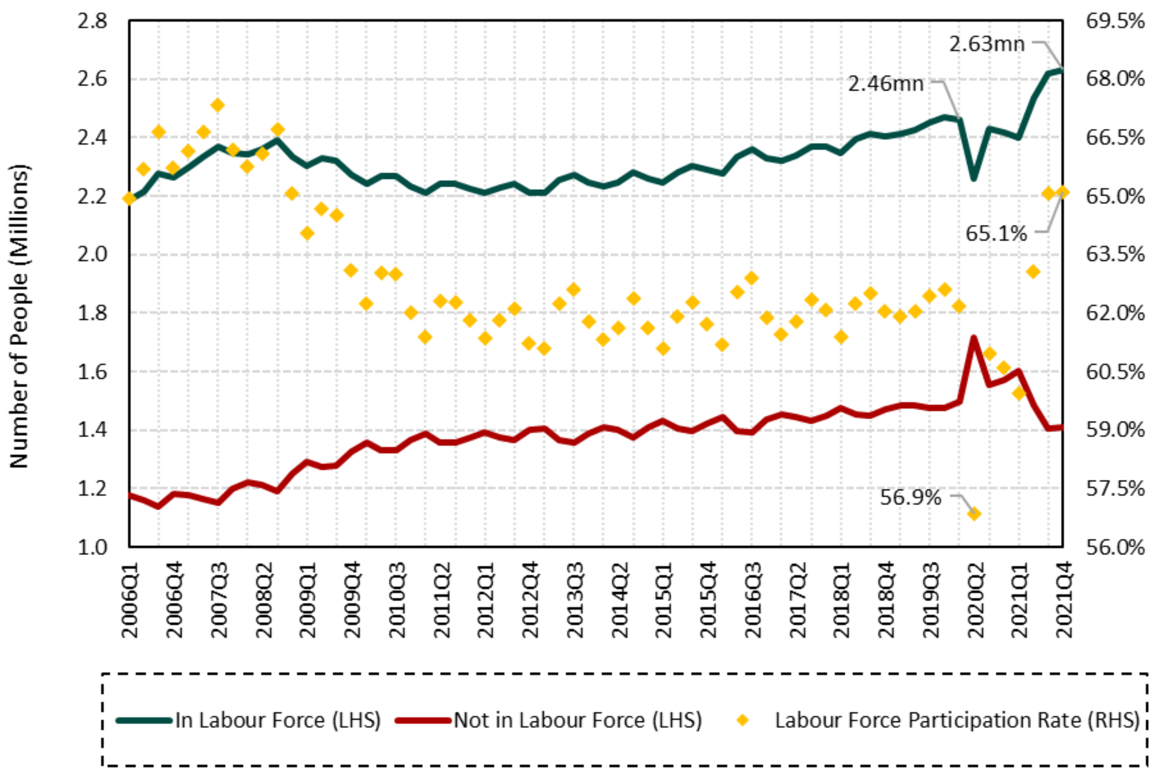


5.2 Labour Force Participation

Across developed economies, the COVID-19 pandemic brought about dramatic and sudden reductions in labour force participation during periods of economic shutdown. While most countries have recovered to a significant extent, many are yet to reach their pre-pandemic participation rates. As of Q4 2021, the UK and US had not returned to pre-pandemic participation rates. While Q4 2021 data is not yet available for the EU as a whole, by Q3 participation rates had surpassed pre-pandemic levels, although the picture was more mixed at individual Member State level.

In contrast to international trends, Ireland seemed to be somewhat of an outlier. As shown in Figure 13 below, the third quarter of 2021 saw Irish labour force participation increase to record numbers. Moreover, the participation rate surpassed its pre-pandemic level by a significant margin and, at 65.1 percent, climbed to its highest position since 2008. The recently published Labour Force Survey for Q4 2021 shows that the gains in participation were sustained in the final quarter of the year. Q4 2021 saw additional growth in the number of participants, albeit at a much slower pace. Between Q3 and Q4 of 2021, the labour force grew by 13,000 to a new record of 2.63 million participants. The Q4 increase was in line with population growth, meaning the participation rate of 65.1 percent was unchanged between Q3 and Q4 2021.

Figure 13: The Irish Labour Force & Participation Rate 2006 – 2021 (Non-seasonally adjusted)



Source: CSO Labour Force Survey

If these levels stabilise in the coming year and beyond, then one outcome of COVID-19 will have been to shift participation in the Irish labour market to a higher level than pre-pandemic trends would have implied.

As explored in the previous iteration of this report, the increase in participation between Q2 and Q3 2021 had largely been driven by increases in female participation as well as increases in the numbers of younger and older workers in the labour force. The next two subsections outline the progression of these trends in Q4 2021.

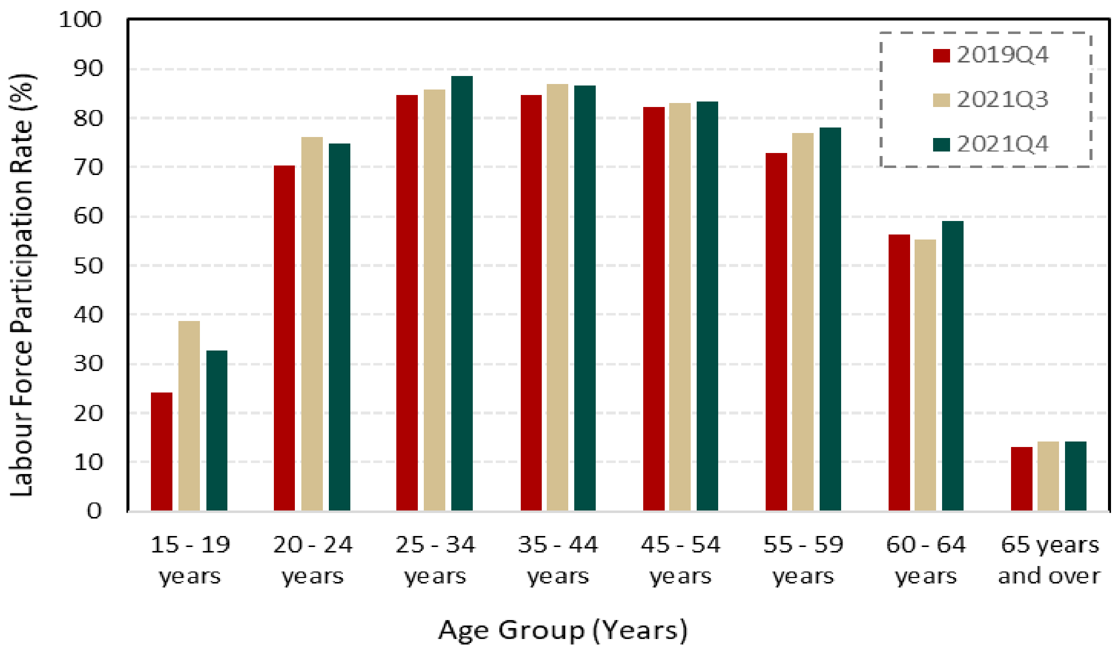
5.2.1 Labour Force Participation Across Age Groups

Figure 14, below, shows participation rates across age groups for Q3 and Q4 2021. It also shows Q4 2019 for an equivalent pre-pandemic baseline. The largest movement between Q3 and Q4 2021 was in the 15-19 year old cohort. The participation rate of this group fell by 6.1 percentage points to 32.7 percent, likely a reflection of the resumption of the academic year at the end of Q3. The participation rate of the 20-24 age group also declined from 76.2 to 74.9 percent. However, the participation rates of both groups remain substantially higher than pre-pandemic, with gains of 8.6 and 4.4 percentage points when compared to Q4 2019. While these trends are positive, whether they will be sustained in the face of normalising consumer demand and inward migration remains to be seen.

Like the younger workers, all other age brackets maintained a higher rate of participation than pre-pandemic. Participation rates remained stable for most cohorts between Q3 and Q4 2021, with the exceptions of notably large increases in the 25-34 and 60-64 age groups, of 3.8 and 5.3 percentage points respectively.

When considering these trends, it is also notable that these gains continued through the re-introduction of Omicron variant health restrictions at the end of Q4. The cementing of Q3 2021 gains through Q4 provides some evidence that these positive trends may be maintained in future.

Figure 14: ILO Labour Force Participation Rates Across Age Groups



Source: CSO LFS

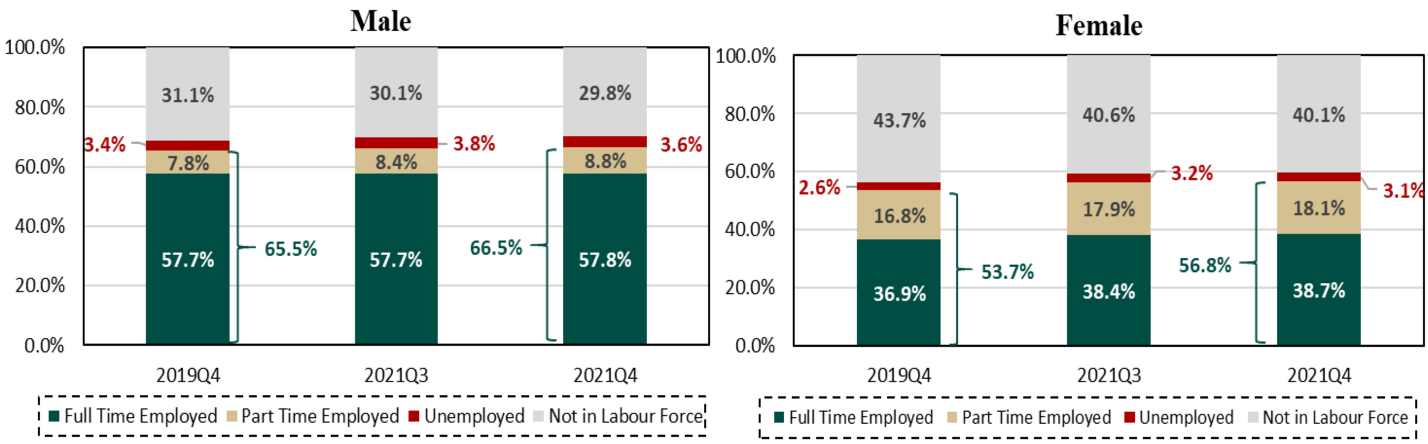
5.2.2 Labour Force Participation Across Genders

As previously mentioned, the Q3 2021 LFS reported large increases in female participation rates. Similar to overall trends, in Q4 2021, the growth rate of female participation in the labour force slowed. The female labour force grew by 1 percent between Q3 and Q4 2021 in comparison to the 4.7 percent growth observed between Q2 and Q3. Figure 15, below, shows the distribution of men and women across the different categories of economic activity in Q4 2019 and Q3 and Q4 of 2021.

The proportion of men classified as economically inactive fell by 1.3 percentage points between Q4 2019 and Q4 2021 to 29.8 percent This higher participation rate is largely reflected in an increasing share of men in part-time employment. The proportions of men over the age of 15 in both full-time employment and unemployment have now returned close to pre-pandemic levels, at 57.8 and 3.6 percent respectively.

In contrast, participation rates amongst women changed much more drastically over the course of 2021. The share of women not participating in the labour force fell by close to 3.6 percentage points when comparing Q4 2019 and Q4 2021. The shares of the other three categories of unemployment, full time and part time employment have all increased. The participation rate amongst women continued to increase between Q3 and Q4 2021, setting a new record high of 59.9 percent by the end of the year.

Figure 15: Distribution of men and women across categories of economic activity 2019 - 2021, (seasonally adjusted)[9]



Source: CSO LFS.

5.2.3 Changing Female Employment Levels by Sector

A possible explanation for increasing female participation in the labour force is that the expansion of remote working has brought greater flexibility in working arrangements. This

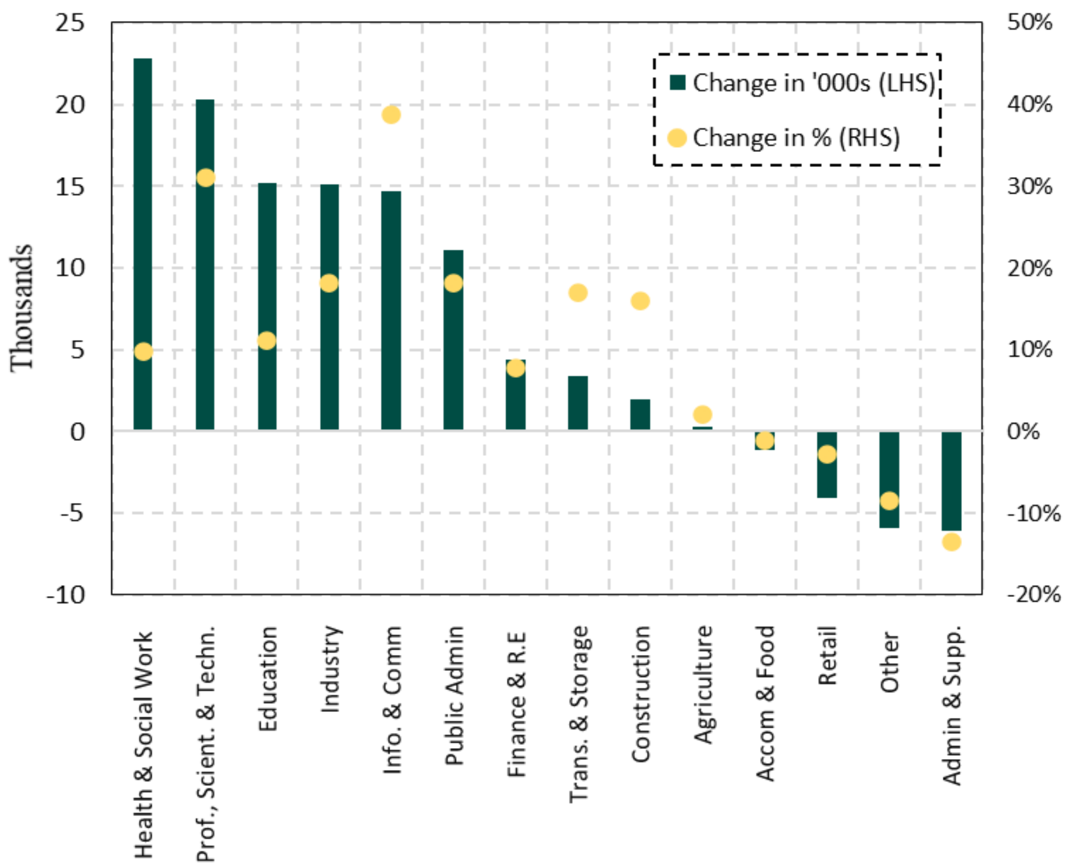
[9] Note that Figure 15 shows the fraction of Unemployed males and females as a percentage of the sum of all categories, (full time employment, part time employment, unemployment and not in the labour force).
As such it does not correspond to the unemployment rate of males and females which is calculated as percentage of the labour force. The Q4 2021 LFS reports seasonally adjusted ILO unemployment rates of 5.1 and 5.2 percent for males and females respectively.

could potentially have led to women joining the labour force in numbers not seen prior to the pandemic. A recent CSO Pulse Survey on Remote Work provides some support for this view, with 75 percent of respondents who were engaged in home duties stating that they would consider employment if it could be done remotely.[10]

Figure 16, below, shows the change in female employment levels by sector between Q4 2019 and Q4 2021. The columns show the absolute change in thousands of people and the points show the biennial percentage increase in employment levels for each individual sector.

A very uneven distribution of change is evident. Increases in employment are heavily skewed towards the sectors of Health & Social Work; Professional, Scientific & Technical Activities; Education; Industry; Information & Communication and Public Administration.

Figure 16: Changes in female employment levels by sector between Q4 2019 and Q4 2021



Several interesting trends are illustrated in Figure 16. Firstly, most of the increase in female employment between Q4 2019 and Q4 2021 appears to have been in relatively higher skilled sectors – though it is unclear which jobs and roles women have taken in these sectors. The only declines occurred in Administrative & Support Services, Retail, Other Service Activities, (which includes personal care), and a smaller decline in Accommodation & Food. These four sectors are also the four most impacted by recent public health restrictions. As such it would be reasonable to expect a recovery to pre-pandemic employment levels in these sectors over

[10] Pulse Survey Our Lives Online: Remote Work November 2021 - CSO - Central Statistics Office

the course of 2022. If this does not occur, it would provide some evidence for the existence of deeper structural shifts in female employment following the pandemic.

Figure 16 also provides potential evidence for the availability of remote work driving gains in female employment. In the sectors with the largest increases there is likely to be a substantial amount of remote work occurring at present. This would particularly be the case for the sectors of Information & Communication, Professional, Scientific & Technical Activities and possibly Public Administration as well. On this point, it is also notable that the largest proportional increases in female employment have occurred in Information & Communication and Professional, Scientific & Technical Activities. When comparing Q4 2019 and Q4 2021 employment numbers, these two sectors experienced disproportionately high growth rates of 39 and 31 percent respectively and may be among the most likely to be offering new employees the possibility of long-term remote working.[11]

It should also be noted that the first and third largest sectoral increases in numbers of female employees occurred in Health & Social Work and Education. These sectors are predominantly female and remote working is less likely to have played a potential role in the increased numbers employed. Consequently, to understand the suite of factors driving the increases in female employment and labour market participation a more granular analysis would be required.

5.3 Employment Rates & Hours Worked

Looking beyond labour force participation, the Q4 2021 Labour Force Survey also pointed to substantial levels of readjustment occurring in the Irish labour market. The number of people in employment was reported to be 2.506 million, which is the highest recorded level of employment in the history of the State. Similarly, the CSO's COVID-19 adjusted measure of employment for Q4 2021 stood at almost 2.44 million, a higher level than the pre-COVID employment levels of 2.357 million in Q4 2019. Employment rates for both men and women are higher than pre-pandemic levels, at 76.9 and 69.1 percent for the 15-64 year old age bracket, with the 69.1 percent employment rate for women being a record high in the Irish labour market.

At a sectoral level, comparing Q4 2021 to Q4 2019 shows a reallocation of employment across sectors. Many sectors have substantially surpassed Q4 2019 employment numbers while some of the sectors most impacted by the pandemic have yet to return to pre-pandemic employment levels. Notably, in Q4 2021, the CSO estimated that the number of employees in the Accommodation & Food and Administrative & Support Services sectors were 10 and 15 percent lower than Q4 2019 levels.

Moreover, despite the increasing numbers in the labour force and in employment, the number of hours worked per week is close to pre-pandemic levels. In Q4 2019 the total number of hours worked per week was 77.5 million hours. In Q4 2021 this statistic registered a negligible increase to 77.6 million hours worked per week despite the large increase in people in

[11] SOLAS Summer Skills Bulletin 2021

employment. This was due to the significant percentage of workers reporting as Away from Work[12], 10.1 percent in Q4 2021 compared to 7.9 percent in Q4 2019.

Two final interesting trends reported in the Q4 2021 Labour Force Survey are worth discussion and relate to increasing part-time workers and the reduction in the number of people working variable hours. Between Q4 2019 and Q4 2021, the number of employees in full and part-time employment increased by close to 89 and 60 thousand respectively. These increases equate to growth rates of 4.8 and 12.2 percent. It is possible that growth in part-employment had been supressed during the pandemic as a consequence of the particular sectors most affected.

Separately but related, the number of people working variable hours, i.e., persons for whom no usual hours of work are available, has decreased considerably over the course of the pandemic. As of Q4 2021, 41,000 people are working variable hours. This compares to 115,600 people working variable hours in Q4 2019 and represents a biennial decrease of 65 percent. Moreover, Q4 2021 is the lowest reported value in the series going back to 1998. This remarkably large decline should be treated with caution as it may be distorted by temporary impacts of the pandemic and would require a more detailed analysis to understand fully. However, if this lower level is maintained it would point to more structural change in the Irish labour market precipitated by COVID-19.

5.4 Labour Shortages & Vacancies

As implied by the increased labour force participation, demand in the Irish economy appears to be extremely high by historical standards. The Central Bank reported total card spending at its highest recorded level in December 2021, since the commencement of the series in 2015.[13] This elevated demand appears to be increasing competition for workers. This is occurring in the context of sectors that were impacted by public health restrictions seeking to re-staff. As such, despite the rising participation numbers it seems that demand for workers is presently outstripping supply. This imbalance is manifesting in unusually high numbers of unfilled vacancies.

The CSO publish quarterly data on job vacancies as part of the 'Earnings, Hours and Employment Costs Survey'. At the time of writing, the Q4 2021 is yet to be published. But as outlined in the last iteration of this report, the Q3 2021 release estimated that there were 30,800 unfilled vacancies at the end of Q3 2021. This is the highest figure recorded in the series, since its commencement in 2008. Moreover, it rose from 17,800 at the end of Q1 suggesting an approximate quarterly growth rate of over 30 percent in the number of unfilled jobs between March and October 2021. For comparison, the equivalent pre pandemic figure from Q3 2019 was 17,900 vacancies.

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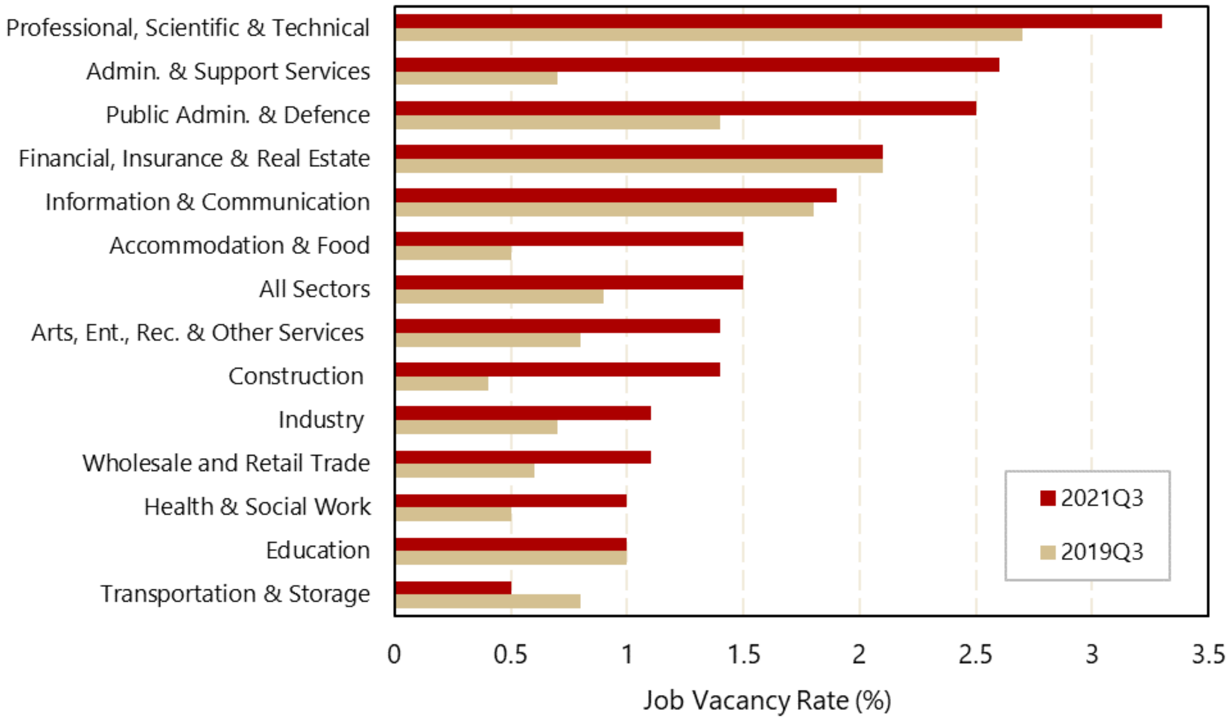
[12] Absences from work in the reference week refer to those persons who were away from work during the interview reference week but had a job to return to after this absence. The reasons for absence would include temporary layoff due to slack work, family related leave, illness or disability and education and training.
[13] Credit and Debit Card Statistics | Central Bank of Ireland

The CSO derive a job vacancy rate by dividing the number of vacancies by the sum of vacancies and occupied jobs. Figure 17 displays the job vacancy rate for Q3 2019 and Q3 2021 below:

Figure 17: Vacancy Rates by Sector, Q3 2019 versus Q3 2021



Source: CSO Earnings, Hours and Employment Costs Survey
Note: The job vacancy rate measures the proportion of total posts that are vacant.

The vacancy rate increased for every sector with the exceptions of Finance, Insurance & Real Estate and Transportation & Storage. At the time of the survey in Q3 2021, the largest increases in the job vacancies compared to pre-pandemic were in the Administrative & Support Services sector, Construction and the Hospitality sector. Given the caveats and limitations of the available vacancy data, it should be noted that these figures likely underestimate the actual number of vacancies.

It should be highlighted that, in an international context, Ireland is not an outlier in terms of vacancy levels. In Q3 2021, reported vacancy rates in Ireland were below the European Union average of approximately 2.5 percent, which is a full 1 percentage point higher than Ireland's reported overall rate of 1.5 percent in Q3 2021. The UK's Office of National Statistics publishes rolling 3-month data. In the period of November 2021 to January 2022, vacancy rates hit a new record high of 4.3 percent in the UK. In the US, the Bureau of Labor Statistics report an incredible 10.9 million unfilled vacancies in December, equating to a seasonally adjusted vacancy rate of 6.8 percent.

A higher frequency series of vacancy data for Ireland is available from the job-search company *Indeed*. The company publishes an index of the seasonally adjusted number of vacancies advertised on their site for the Irish market relative to February 2020.[14] The latest posting from the 11th of February 2022, suggests that the total number of postings are 63 percent higher in Ireland in comparison to February 1st, 2020 (pre-pandemic). Moreover, Indeed's time series suggests that hiring activity has increased since the CSO's Q3 2021 survey. Over the Christmas period, the total number of job postings fell somewhat, but has since rebounded in January and early February. These seemingly historically high levels of demand have led to the issue of 'difficult to fill vacancies' receiving significant attention in the Irish media in recent months, with skill shortages seemingly broad based across many sectors.[15, 16, 17] At the time of writing, Q4 2021 data on earnings is not available, so it is unclear how earnings and wage levels in the Irish economy are being impacted by the increasing competition for workers. Furthermore, the distortions created by compositional changes in the workforce due to lockdowns mean underlying trends in earnings will not become clear until Q1 or, more likely, Q2 2022 data becomes available.

Another indicator of labour shortages is the level of vacancies being filled through employment permits. Figure 18, below, provides an overview of the main sectors for which employment permits were issued in 2021 and 2020.[18] Health & Social Work Activities and Information & Communication Activities were by far the biggest sectors in 2021, together accounting for 10,400 of the over 16,000 permits issued. Health & Social Work Activities and Information & Communication Activities were by far the biggest sectors in 2021, together accounting for 10,400 of the over 16,000 permits issued. As Figure 18 shows, however, 2021 did not see an increase in the number of permits issued in 2020. In fact, the total number issued was slightly lower in 2021 (16,419 permits issued in 2020 compared to 16,275 in 2021). Greater issuance of permits is expected in 2022 as the recent changes to permits take effect and more normal levels of international travel are resumed.[19]

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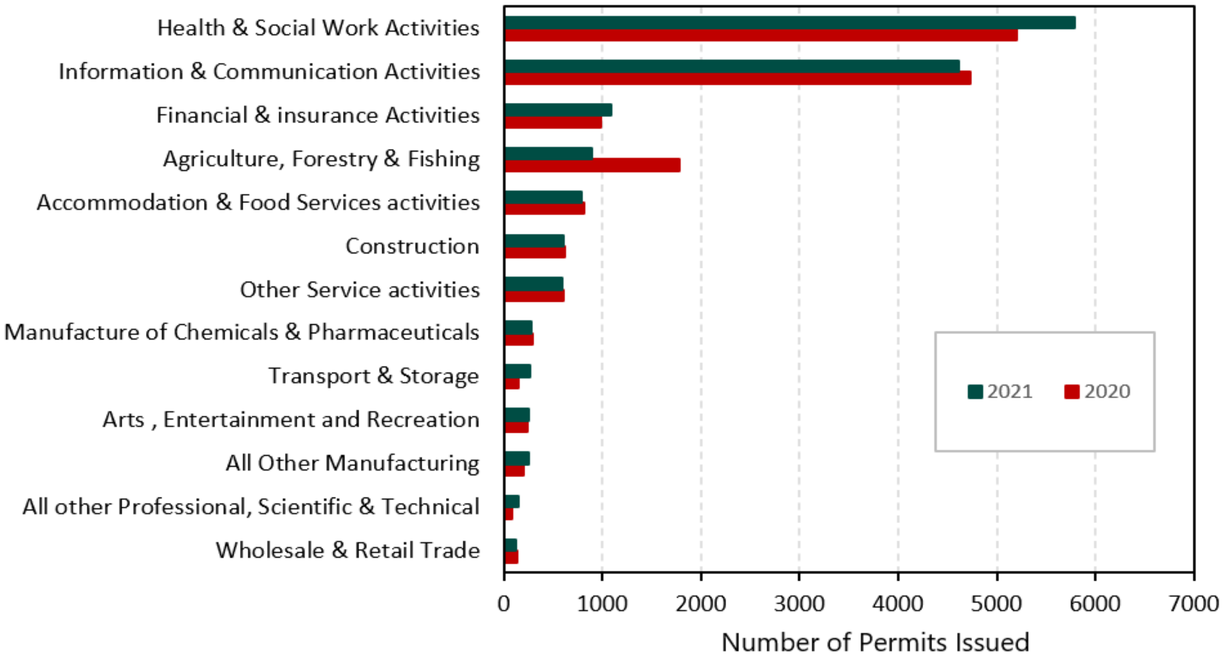
[14] GitHub - hiring-lab/job_postings_tracker: Regularly updated data series for external use.
[15] Solas-difficult-to-fill-vacancies-survey.pdf
[16] Hospitality sector hit by post-pandemic staff shortages (rte.ie)
[17] Labour shortage leads Musgrave Group to lobby Government on visa rules (irishtimes.com)
[18] 2019 data is unavailable in the equivalent sectoral breakdown. However, both 2020 and 2021 figures are close to the 2019 total of 16,383 permits issued.
[19] These changes include, among others, making most construction sector jobs eligible for General Employment Permits, removing the quota for HGV driver work permits, and adding 350 General Employment Permits for hospitality managers.

Figure 18: Number of Employment Permits Issued by Sector, 2020 - 2021.



6. Economic Outlook

The Central Bank's Q1 2022 Quarterly Bulletin was published at the end of January and forecasted strong growth for the economy in the period of 2022 to 2024.[20] In 2022, they expect employment and labour force participation to grow by 3.1 and 2.5 percent respectively, with the unemployment rate to average 5.8 percent over the year. They also note that the labour market has returned to pre-pandemic levels of tightness, as indicated by the increasing vacancies discussed in previous sections. This positive economic outlook is echoed by the ESRI's Winter 2021 Quarterly Economic Commentary, published last December.[21] The ESRI forecast the strong growth of the latter half of 2021 to persist into 2022 with both Modified Domestic Demand and GDP expected to grow by 7 percent. Yet, given the complexity of international events at present, as well as the complicating factors of inflationary pressures in Ireland and abroad, it is possible that Ireland may experience adverse economic impacts over the coming year. Absent a significant negative shock, however, it is likely that positive trends in the labour market will continue in 2022.

In the near term, the effects of removing PUP and EWSS income supports will need to be closely monitored, as their availability may be suppressing financial difficulties for some firms. Internal Department data indicates that there has been no increase in notified or actual redundancies since the lifting of the Section 12A of the Redundancy Act last September. This may support some commentators' assessment that COVID-related emergency supports are propping up otherwise unviable firms.

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[20] Quarterly Bulletin Q1 2022 | Central Bank of Ireland
[21] Quarterly Economic Commentary, Winter 2021 | ESRI