

Labour Market Advisory Council - Minutes

Thursday, January 26th, 2023 – 14:30 (Hybrid)

In Attendance -

Minister for Social Protection, Heather Humphreys. Pauric McPhillips (Adviser to MSP).

Council Members - John Martin (Chair), Philip O’Connell, Frank Gleeson, Ger Gibbons, Kara McGann, Bríd O’Brien, Angela Smyth, Terry Corcoran.

Ex-Officio Members – Niall Egan, Roshin Sen, David Hegarty, Andrew Brownlee, Nigel Clarke (alternate for John Shaw), Jenny Connors (alternate for Jasmina Behan). Stacey Cannon (alternate for William Beausang).

D/SP Officials - Rory Geary, Stephen McGreal, Maria Wrobel, Fintan Roche, Rónán Hession, Jackie Harrington, Eamonn Phelan, John McKeon, Oisín Murphy.

Apologies -

Anne Heraty

1. Adoption of the agenda and matters arising

Members adopted the agenda of the meeting.

2. Minutes of the previous meeting (October 19th, 2022)

Members approved the minutes of the previous meeting.

3. Opening remarks from Minister Humphreys

- The Minister again thanked the Council for their work in producing the first annual progress report on Pathways to Work. The Minister noted that a number of additional Pathways to Work commitments have been achieved such as:
 - the enactment of the Sick Leave Bill,
 - the commencement of the Basic Income pilot in the Arts sector, and
 - the extension of the JobsPlus financial incentive to all employers who hire members of the Traveller and Roma communities and individuals with a recent criminal record or a history of substance abuse.
- The Minister highlighted that labour market indicators remain strong despite the global challenges including inflation and the ongoing war in Ukraine.
 - The latest monthly unemployment rate, for December 2022, is 4.3 per cent.
 - The CSO reports that the number of people in employment remains at peak levels of 2.55 million; and the employment rate, at 73.2 per cent, is also at a high level, albeit slightly down from the second quarter in 2022.
- The Minister welcomed the fact that the Council would be discussing the draft proposals for a Pay-Related Benefit. She noted that Ireland is an outlier in that we are

one of the only EU countries that doesn't have a Pay-Related Benefit system for jobseekers.

- The Minister stated that she was keen to get the Council's perspective on the detail contained within the strawman – the rate of payment, duration of payment and the eligibility criteria.
- Lastly, the Minister thanked members for giving their time and expertise in supporting the work of the Council.

4. Update on the latest labour market developments and future of COVID-19 related supports.

DSP provided the following update on the Irish labour market:

- According to the Q3 2022 Labour Force Survey (LFS) there are 2.55m people in employment, which is largely unchanged from Q2.
- The seasonally adjusted unemployment rate for December 2022 was 4.3 percent, down slightly from 4.4 percent in November. This unemployment rate has remained stable and below 4.5 percent since the last of the COVID-19 emergency support measures were removed.
- The Live Register consists of 185,771 claimants as of 15 January 2023. This figure includes 22,535 Beneficiaries of the Temporary Protection Directive for Ukraine. Excluding these, the Live Register stands at 163,236, which is markedly lower than the pre-pandemic level of 181,996.
- The Beveridge Curve suggests a tight labour market, though the efficiency of matching in the labour market is in question compared to other years in which the economy performed well.
- As of Q3 2022, seasonally adjusted average hourly earnings for all sectors, except for the Transportation and Storage sector, are above pre-pandemic levels.
- The evolution of certain labour market indicators between Q2 and Q3 2022 suggest a slowing to the strong expansion of 2022. These include falling vacancies, lower seasonally-adjusted employment in a majority of sectors and slight declines in labour force participation.
- The outlook for Ireland, a small open economy, remains uncertain, but is tilted towards the downside.
- Many economic commentators expect a global recession, including recessions amongst key trading partners. Additionally, the continuation of the war in Ukraine, inflation expectations and price competition for commodities resulting from China's lifting of its zero-COVID policy may keep inflation above its 2 percent target for some time.
- Given these factors, and others, many key institutions expect the 2023 unemployment rate to be between 4.25 and 5.25 percent, with Modified Domestic Demand remaining positive. Despite this, shocks may be experienced asymmetrically and consequently, sectoral exposure will be monitored closely in the coming period.

In response, Council members provided the following comments:

- In relation to data that could be included in future papers:
 - Specifically, the NEET rate for young people should be provided.
 - The employment rate for 20-64 year old's may be a more appropriate measure of employment than 15-64 year old's, as the aim should be for those between the ages of 15-18 to still be in education.
 - Further age breakdowns of employment could be provided e.g. for those aged over 65 in terms of what type of jobs (part-time, permanent etc) and sectors.
 - The proportion of people in involuntary part-time employment could be explored.
 - Other useful metrics to include would be the employment rate of people with disabilities, the gender employment rates and the Social Scoreboard indicators.
 - Time series used for data could be over a longer time horizon.
 - Some of the factors behind the inward shift of the Beveridge Curve could be explored. For example, was inward migration supporting this shift?
 - Sectoral breakdowns would be welcome. There is potential to use Indeed data to complement CSO data in this area. One member mentioned that the Department of Finance had undertaken research regarding sectoral shifts in employment.

Members also made comments in relation to the wider labour market situation:

- There was a continuing pattern of Ukrainian refugees who were highly overqualified for their positions, and that this raised questions over how effective the English language provision was.
- The Live Register is at a very low level, particularly if you take out people who arrived from Ukraine under the Temporary Protection Directive.
- Coverage of vacancies needs to be interpreted carefully as there are data limitations. Furthermore, it is difficult to discuss vacancies without examining the pay and conditions associated with the sectors in which the vacancies arise.
- Members found the paper insightful and hoped that it would be circulated widely.

5. Update from LMAC Sub-Groups.

The Chair of the Employer Relations Sub-Group informed the Council that at the most recent meeting last week (20th January), papers on four issues of interest to the Sub-Group were presented. These included:

- an update on the **Labour Market** was given. It was noted that the construction sector had a lot of employment opportunities. Department officials mentioned that they would be exploring South Africa as a potential area for construction job supply.
- An update was given on a new **Employer Youth Employment Charter**. The INOU were invited to engage with young jobseekers to canvass their views and the challenges they face in gaining employment. The main findings of the groups, drawn mostly but not only from more disadvantaged groups, focused on young people's desire for employer assistance in CV and interview preparation and feedback on interviews or job

applications. The department also undertook a random anonymous online survey of almost 500 jobseekers and the feedback was very similar. They also pointed to the need for CV workshops and reflected the fact that too many young people do not know what careers they want to follow.

- A review of a recent **Return-to-Work Campaign** was given. A total of 7,000 attended, which was focused on the Retail Sector. The conversion rate to jobs was low but the Department stated that this was not unusual as they depended on employers returning updates which were slow in coming.
- An update was given on the **work of the Employer Relations Division** for 2022 outlining numbers of staff, employers contacted, and communications issued.

In response, a Council member asked when the Chair of the sub-group expected the Employer Relations strategy to be launched?

- The Chair of the sub-group indicated that this was something that needs to be progressed quickly.

The Evaluation Sub-Group Chair provided the following updates on four pieces of work relevant to the Council:¹

- Firstly, the evaluation of Community Employment/Tús with the OECD/JRC is underway and progressing well.
- Secondly, members expressed broad support for DSP's planned programme for evaluations, starting with the Back to Work Family Dividend this year, and for the plan to evaluate programmes every ten years at the least.
- Thirdly, members were agreeable to reviewing the Key Performance Indicators. Members proposed adding additional indicators around vacancies and shortages, and the quality/sustainability of employment.
- Lastly, the Request for Tender regarding employment arrangements research was issued before Christmas.

6. A Strawman Public Consultation Process for a Pay-Related Jobseeker's Benefit Scheme in Ireland

DSP introduced this item by giving a presentation on the proposed strawman.² The presentation gave an overview of the key features of the PRB – coverage, eligibility, benefit level and thresholds. The presentation also highlighted some of the potential challenges and risks associated with the proposal. DSP highlighted that any PRB must try strike the right balance between protecting people's incomes and ensuring that there is an incentive to find

¹ Minutes of the Evaluation sub-group were circulated to Council members in advance.

² A slide deck and the full strawman proposal was circulated to members.

employment. Lastly, DSP opened the floor with four questions as prompts, which were discussed by members:

1. *Does the Council agree with the principle of Pay Related Benefit for Jobseekers and its core rationale?*
2. *Does the Council have views on the key design features of the proposal, (e.g. links to recent contribution history/earnings, the replacement rate, the duration of the pay-related element)?*
3. *What are the likely labour market impacts of this proposal if implemented?*
4. *What are the implications for the operations of the Public Employment Service?*

The Council had a very rich discussion of these four questions. A summary of the discussion is contained in the [Council's note to the public consultation process](#) on the strawman proposal.

7. AOB

DSP updated the Council that the public consultation on the mid-term review for Pathways to Work will be launched in February.