

Labour Market Advisory Council
Wednesday, 13th December 2023
Anne Vaughan Room, AMD

- **In Attendance -**
 - **Council Members** - John Martin (Chair), Philip O’Connell, Frank Gleeson, Ger Gibbons, Bríd O’Brien
 - **Ex-Officio Members** – Niall Egan, Roshin Sen, Gary Tobin, Nigel Clarke (alternate for John Shaw), Robert Scott (alternate for Jasmina Behan), Tadgh O’Leary (alternate for Fiona Ward)
 - **D/SP Officials** – Louise Kavanagh (Secretary), James Carr, Maria Wrobel, Cameron Hart, Fintan Roche, Duran Marques, Zana Babaiee,
 - Senan Hogan O’Brien (DPENDR)
- **Apologies -**
 - Minister Heather Humphreys, Minister Neale Richmond, Fiona Ward, Paul Gordon, Terry Corcoran, Kara McGann, John Shaw

Draft Minutes

Adoption of the agenda and matters arising and approval of the Minutes of the previous meeting (27th September 2023)

- Members adopted the agenda of the meeting and the minutes of the previous meeting, subject to amendments from Ger Gibbons which were sent in writing to the Secretariat, following the meeting. Revised minutes were circulated to the Council.

Opening Comments from the Chair

- The Chair acknowledged the sad passing of Professor Donal O’Neill, who was a valued member of the Council’s Evaluation Sub-Group. Donal contributed significantly to the work of the sub-group and to public policy in general, and he was recognised for his expertise in labour market economics.
- Thanked David Hegarty for his time on the Council as an Ex-Officio representative for the Department of Enterprise, Trade and Employment. David has recently retired and will be replaced in his role by Gary Tobin.
- The Minister is currently considering nominations for a replacement for former Council member, Angela Smith. The Chair will keep the Council informed of developments in this regard.
- Extended thanks to the Council members and Secretariat for their great work in bringing the Mid-Term Review of Pathways to Work to a successful conclusion.
- The Council looks forward to Minister Humphrey’s reaction to the updated strategy, including the new and revised Commitments and Key Performance Indicators, that the Council has recommended for her consideration.

Opening remarks from Niall Egan, Assistant Secretary DSP

- He began by passing on apologies from Minister Humphreys, who was unable to attend due to a recent bereavement, and Minister Richmond who is away on State business.
- Echoing the Chair's, he acknowledged the sad passing of Professor Donal O'Neill on behalf of the Minister. Donal was a recognised expert in labour market economics – apart from being on the Evaluation sub-group, among his many contributions, he was a former member of the Low Pay Commission, and more recently with his colleagues, undertook the research underpinning the Government's decision to move to a Living Wage by 2026.
- Also, on behalf of Minister Humphreys, he thanked David Hegarty for his work on the Council and welcomed his replacement, Gary Tobin.
- On behalf of Minister Humphreys, he conveyed thanks to the Council for their extensive work in undertaking the mid-term review. It is key to ensuring that Government effectively responds to current and upcoming labour market challenges.
- In light of the new indicators and the revised and new commitments proposed by the Council, the Minister wishes to consider whether further actions should be included by the Department, in particular for improving employment outcomes for people who are long-term unemployed.
- The mid-term review produced by the Council, and the updated strategy will go to Government in the New Year and will be published then.
- In terms of updates on the Department's work:
- As part of Budget 2024, it was announced that a pay-related benefit would be introduced in Q4, 2024, pending Government approval on the design.
- Government approved design proposals for a new Pay-Related Benefit scheme for jobseekers on 21st November. This represents a fundamental reform of the social welfare system and when introduced in the second half of 2024, will bring Ireland in line with other EU countries.
- The Minister has made some amendments to the Pay-Related Benefit model originally set out in the Strawman proposal. This includes tapering the payments, which will mitigate the risk of increased unemployment durations and facilitates extending the payment out to nine months.
- The Minister has secured Cabinet approval for the Social Welfare (Miscellaneous Provisions) Bill, which gives effect to the suite of measures contained in Budget 2024.
- The 2024 Social Welfare Budget package is the largest in the history of the State and provides for a range of supports for pensioners, carers, people with disabilities and low-income families.
- The measures by Cabinet also provide for the introduction of key structural reforms to the State Pension system from January 2024 – introducing flexible access to the State (Contributory) Pension to allow people who defer their pension at age 66 to receive an actuarially adjusted higher payment rate up to age 70.
- It also provides enhanced pension provision for long-term carers of incapacitated dependents, who have provided care for 20 years or more, by attributing the equivalent of paid contributions for the time spent caring. This will mean that some long-term carers who never had a contributory pension will receive one for the first time.

- In addition, statutory sick pay will increase from three days to five days, as part of measures approved in the Bill.

Update on the latest labour market developments

Zana Babaiee from the Labour Market Analytics unit provided the following update on the Irish labour market:

- According to the Q3 2023 Labour Force Survey (LFS), there are 2.65 million people in employment in Ireland on a non-seasonally adjusted basis, a new high in the series.
- The LFS data also shows a continuous expansion in the total labour force over the last 12 months, from 2.67 million in Q3, 2022 to 2.78 million in Q3, 2023 on a seasonally adjusted basis.
- The seasonally adjusted unemployment rate has been increasing since May of this year, from 4.1 percent in May to 4.8 percent in November. It remains below 5 percent, however, conventionally considered to be full employment. The youth unemployment rate has also been on a steady rise since May, reaching 12.8 percent in November.
- The Live Register consists of 170,666 claimants as of 19 November 2023. This figure includes 22,082 Beneficiaries of the Temporary Protection Directive for Ukraine. Excluding these, the Live Register stands at 148,584, which is the lowest since 2006.
- The seasonally adjusted labour force participation rate rose for a third consecutive quarter in Q3, 2023 to 65.8 percent. This is the highest level since 2008.
- Full-time employment fell 0.1 percent over the quarter, driven by a 1.2 percent drop in female full-time employment. Part-time employment grew by 2.7 percent, with increases for males and females.
- The monthly inflation rate – measured by the HICP – has been steadily falling, reaching 3.6 percent in October from a peak of 9.6 percent in June 2022. Meanwhile, the Euro Area Inflation Rate (HICP) has also declined to 3.6 percent in November from 4.2 percent in October.
- Correspondingly, average nominal hourly earnings from EHECS data were €26.86 as of Q3, 2023, up by 6.5 percentage points relative to Q3, 2022 levels of €25.23.
- The total hours worked per week reduced by 2 percent between Q2 and Q3, 2023, from 84.1 million to 82 million respectively, but it remains above the Q3, 2022 level of 80.3 million. The quarterly decrease was mainly driven by 19, 11 and 6 percent drops in hours worked in the Education, Public Administration, and Wholesale and Retail sectors; the former despite increased employment in the sector, and the latter two which is in line with reduced employment in these sectors.
- The job vacancy rate has fallen slightly for the second consecutive quarter to 1.2 percent in Q3, 2023 down from 1.3 percent in Q2, 2023 and 1.4 percent in Q1, 2023.
- According to the latest short-term economic forecasts, the outlook for the Irish economy and labour market remains positive – despite ongoing challenges – with both projected to perform well in 2024 and 2025, albeit at a moderate pace. DSP included a spotlight on Traveller and Roma participation in the labour market as part of the labour market update.

- Roshin Sen provided an overview of the findings from Profile 5 of Census 2022 – Diversity, Migration, Ethnicity, Irish Travellers and Religion – which was released on 26 October 2023 and Profile 7 – Employment, Occupations and Commuting – which was released on 5 December 2023. These profiles contain statistics on diversity in the Irish population, including Traveller and Roma ethnicity (the latter included in the Census for the first time).
- The Census profiles on ethnicity and detailed employment status provide a snapshot of Traveller and Roma participation in the labour market from April 2022. It is evident that the Traveller community, in particular, have labour force participation and employment rates far below the general population, though it is welcome that employment levels have increased since the 2016 Census.

In response, Council members provided the following comments in relation to the Update and the wider labour market situation:

- Members found the Labour Market Update insightful and particularly welcomed the spotlight on Traveller and Roma in the labour market. Surprise was expressed at the significantly higher labour force participation among the Roma community compared with the larger Traveller community – no explanation was provided for this large gap.
- The Council looked forward to a spotlight on other minority groups in future Labour Market Updates. The Q3 Labour Force survey records historic high levels of employment. It would be interesting to see if the trends from the Revenue Monthly Employee Survey mimic trends in the Labour Force Survey Data
- It was noted that payroll data is often a more accurate short-term indicator on what's happening in the labour market. It would be useful if future Labour Market Update could look at these trends.
- There has been a significant increase in costs borne by employers because of wage inflation. As a result, the labour market may see a slowdown in recruitment in the coming months.
- However, another member highlighted that the Central Bank has cited profits rather than labour costs as being a significant driver of inflation rates.
- It was suggested that DSP invest in an analysis of the impacts of inflation and rising labour costs on specific sectors.
- One member welcomed the increase in PRSI levels and noted that the Government has forged a clear pathway to address sustainability of labour costs.
- However, another member noted that the increase has had a more positive outcome for those in better paid jobs, rather than lower income earners.

Update from the LMAC Sub-Groups

The Chair of the **Employer Engagement Sub-Group** provided an update on discussions that took place during meetings on 1st November and 4th December:

- There was a big focus on pathways to work for jobseekers and the recruitment needs of employers.
- There was good discussion around how an increase in costs for firms will affect inflation and place SMEs under further pressure. This is likely to impact on recruitment levels in the first quarter of 2024.
- The Employment Youth Charter is nearing finalisation and will be launched in January 2024. IBEC will invite the HR Directors of the Top 50 firms and Top 50 SMES to sign up to the Charter.
- The Sub-Group would like to see targets set for firms who sign up for the Charter in terms of recruiting young people with barriers to work such as the long term unemployed, young people with disabilities and young people from minority groups, including Traveller and Roma. Additionally, targets need to be set for the Civil Service.
- There was discussion around the suite of employer supports that are provided by the Intreo Employment Service and communicating these supports better to employers. In pursuit of the latter, DSP will engage with IBEC's regional Employer Groups, starting in 2024.

Additional members are required for the Employer Sub-Group. The Chair of the Sub-Group will discuss this with DSP and the Council's Chair. The Chair of the **Evaluation Sub-Group** provided the following updates:

- Acknowledged the recent passing of Donal O'Neill, who was a very valued member of the Evaluation Sub-Group and will be greatly missed.
- A suitable replacement will be discussed with DSP and the Council Chair.
- Welcomed the revision of outcome Key Performance Indicators during the Mid-Term Review of Pathways to Work and thanked the DSP for their expertise and support in finalising the Technical Paper.
- The publication and launch of the CE/TUS evaluation report, part of an OECD-EC project, will be in March 2024. There may also be an event focussed on the technical aspects of the report, which sub-group members will be notified of. The evaluation teams are finalising results for circulation in the coming weeks.
- Indecon have been notified of their successful bid for the evaluation of the Back to Work Family Dividend. DSP confirmed that an initial meeting with the project team from Indecon has taken place.
- After issuing two requests for tenders to conduct research on the topic of employment arrangements, no bids were received were received by DSP. Members of the Evaluation Sub-Group expressed disappointment at the lack of interest in the request for tender and discussed other avenues to conduct the research, within procurement requirements. The sub-group will report to the Council on the topic and DSP will prepare a note in the new year on alternative research topics.

- The Evaluation Sub-Group strongly welcomed the developments and progress of the WWLD and suggested that such a database would attract international interest from researchers. The members emphasised the need to demonstrate the value of the WWLD through regular reporting and production of research papers.
- The Sub-Group stresses the value of developing labour market indicators for International Protection Applicants and Beneficiaries of Temporary Protection.

The Council responded to this update with the following comments:

- The Chair echoed the Evaluation Sub-Group’s disappointment in the lack of interest from the market in pursuing the research on employment arrangements. It will be useful for the Council to consider other potential topics for labour market research.
- A Council member highlighted a recently published report by the Geary Institute, UCD and NERI ‘*Job quality in Ireland*’ which could be of interest to the Council.

Presentation on the Green Paper on Disability Reform

DSP introduced this item by giving a presentation on the key findings and recommendations of the Green Paper on Disability Reform. The presentation gave an overview of the key features of the Green Paper – coverage, eligibility, benefit level and thresholds and access to employment supports. The presentation also highlighted some of the potential challenges and risks associated with reforms to Disability payments. DSP highlighted that any reforms must strike the right balance between protecting people’s incomes, removing anomalies in the disability payment scheme, and providing supports for those who would like to work.

The Chair opened the floor with two key questions which were discussed by members:

1. *Does the Council have views on the general philosophy of the proposed reform measures?*
2. *What are the implications for the operations of the Public Employment Service if the proposals are adopted into legislation?*

The Council had a very rich discussion of these questions. A summary of the discussion is contained in the Council’s note to the public consultation process on the Green Paper for Disability Reform. [LMAC Submission](#)

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- The next Council meeting will take place in Aras Mhic Dhiarmada in April. The Secretariat will circulate a meeting invitation in the new year.
- A discussion on the recently published *Structure and Usage of the Public Employment Service* prepared by the Irish Government Economic and Evaluation Service (IGEES) had to be postponed for this meeting but will be considered at the upcoming meeting of the Evaluation sub-group.

Actions:

- Secretariat to circulate the minutes from the recent Employer Subgroup meetings (1st November and 4th December).
- Secretariat to circulate the final version of the Youth Employment Charter.
- Secretariat to draft the Council submission to the public consultation on the Green Paper for Disability Reform request Council feedback before submission to the Minister for Social Protection.
- DSP to discuss membership of the Employer Engagement and Evaluation Sub-Groups with the respective Chairs and the Council Chair.

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