

## **Labour Market Advisory Council**

**Wednesday, 10<sup>th</sup> July 2024**

**Anne Vaughan Room, AMD**

### **In attendance -**

Minister for Social Protection, Heather Humphreys T.D.

Council Members- John Martin (Chair), Philip O'Connell, Bríd O'Brien, Terry Corcoran (remote access).

Ex-Officio Members - Niall Egan, Roshin Sen, Fiona Ward, Linda Kane (alternate for Gary Tobin), Maria O'Brien (alternate for William Beausang), Niamh Ni Shúilleabháin (alternate for Jasmina Behan), John Lee (alternate for Andrew Brownlee).

D/SP Officials - Louise Kavanagh (secretary), Maria Wrobel, Fintan Roche, Niall Hickey, Anthony Jordan, Cameron Hart,

IGEES Interns (DSP) - Diane Sheehy, Fahad Bin Nazam.

For Agenda Item 6 – Keith Fitzgerald, IGEES Economist, DETE.

### **Apologies –**

Minister Emer Higgins T.D., Frank Gleeson, Gary Tobin, Kathryn Walsh, John Shaw, Jasmina Behan, Kara McGann, Ger Gibbons, Andrew Brownlee, William Beausang.

### **Minutes**

#### **1. Adoption of the Agenda and Approval of Minutes from 17<sup>th</sup> April meeting.**

- Members adopted the agenda of the meeting.
- Draft minutes from the previous meeting (17<sup>th</sup> April) were approved for publication, subject to a minor revision.

#### **2. Opening comments from the Chair.**

- The Chair:
  - Welcomed the appointment of a new Council member, Kathryn Walsh, Director of Policy and Advocacy at the National Youth Council of Ireland. The Council looks forward to welcoming Kathryn to the next meeting.
  - Advised members of the resignation of Ade Stack and Anne Heraty from the Council due to competing priorities. He thanked them for their contribution to the Council and wished them well in their future endeavours.

- Invited Philip O’Connell and Louise Kavanagh to provide an update on their attendance at the National Economic Dialogue, on 27th May in Dublin Castle. The theme of the event was a ‘More Shock Prone World: Challenges and Opportunities for Ireland’.
- Philip was the Special Rapporteur for the breakout session on Poverty and Inequality, which was chaired by Minister Humphreys.
- Louise attended the breakout session on Digital Ireland: A Twin Track Transition for Employers which was chaired by Minister Peter Burke and Minister Patrick O’Donovan.

### **3. Opening remarks from Heather Humphreys, Minister for Social Protection.**

- Minister Humphreys:
  - Thanked former Council members Ade Stack and Anne Heraty for their valuable contribution to the Council and wished them continued success with their businesses. The appointment of suitable replacements will be progressed.
  - Welcomed the appointment of Council member Kathryn Walsh, Director of Policy and Advocacy at the National Youth Council of Ireland and wished her well in her new role.
  - Noted the strong performance of the Irish labour market and emphasised the need to increase participation of groups who are furthest from the labour market, particularly in the context of labour shortages across many sectors.
  - Thanked the members for their work on the recently published Mid-Term Review of Pathways to Work and welcomed the publication of the updated strategy and the launch of the Employment and Youth Engagement Charter.
  - The Minister concluded by providing an update on other key developments in the Department: legislation underpinning the new Pay-Related Benefit Scheme passed through the Seanad the previous night and work is underway to facilitate the implementation of the new scheme. The President has signed the new Automatic Enrolment Retirement Savings Bill which will benefit approximately 800,000 people who currently have no pension provision. The Auto-enrolment scheme is expected to be implemented early next year.

#### **4. Update on the latest labour market developments.**

- Anthony Jordan and Niall Hickey (Labour Market Analytics unit, DSP) provided an update on the Irish labour market, including a spotlight on labour market transitions.
- In response members of the Council discussed:
  - The encouraging reduction in youth unemployment which is less than two times the overall unemployment rate.
  - The extent to which positive developments in the labour market indicators are truly reflected in standards of living.
  - The growth in transitions to employment as a result of inward migration, with a suggestion that further analysis would be useful to understand the impact on the labour market.
  - The range and depth of the inactive population and the need for further analysis.
  - The Council would like to see more visibility of the Labour Market Update, to inform national debate on the labour market.

#### **5. Update from the LMAC Sub-Groups.**

- Fiona Ward, Assistant Secretary, DSP provided an update, on behalf of the Chair of the **Employer Engagement Sub-Group**, of its most recent meeting on 31<sup>st</sup> May:
  - DSP provided an update to the Sub-group on a review of the Work Placement Experience Programme (WPEP). The review indicated a 40% progression to employment rate for participants on the programme. Approximately 10% of WPEP participants had been in receipt of a Disability Payment before commencing their placement - of this cohort, approximately 34% progressed to employment.
  - The review included an employer and participant survey, with 80-90% of both expressing high satisfaction with the Programme. On foot of recommendations in the review, changes have been made to WPEP to facilitate easier access for marginalised groups.
  - DSP is in the planning stage to host 20 WPEP participants from marginalised groups, with the first intake expected in September.
  - The Sub-Group discussed the recent launch of the Employment and Youth Engagement Charter (EYEC). The EYEC includes a target to sign up 300 employers signed-up within 12 months. The Charter is being actively promoted at various fora.

- Prof. Philip O’Connell, Chair of the **Evaluation Sub-Group** provided an update from a Sub-group meeting on 26<sup>th</sup> June:
    - A number of research proposals were considered for commission. The Sub-group agreed to propose commissioning research on low hours of work – including part time and low hour workers, issues surrounding the profile of these workers, their likelihood of transitioning to full-time work or unemployment/inactivity, and social welfare implications.
    - The Department of Social Protection will progress the Request for Tender, with the research expected to commence in October.
    - Another possible area of research that had been discussed was AI and the labour market. At the last sub-group meeting, officials from DETE presented on a joint piece of research undertaken by DETE and DFIN on this topic.
    - There was some interest by members on the role of AI in the PES – the OECD has recently published research in this area. In this regard, it was noted that AI Regulations, and guidelines on public sector use of AI, need to be fully embedded before further use of AI can be considered by the Intreo Employment Service. DSP agreed to provide a note to the Chair on the issue of AI and the PES.
- 6. Presentation on *An Assessment of the Cumulative Impact of Proposed Measures to Improve Working Conditions in Ireland:***
- Keith Fitzgerald, IGEES Economist at the Department of Enterprise, Trade, and Employment presented the key findings from the report including the rationale, impacts on the economy, sectors, firms, and employees, and the perspectives of employers and employees.
  - In terms of the discussion following the presentation:
    - It was noted that employer focus groups seem much more concerned with the impact of the living wage rather than the potential impact of auto enrolment – which is surprising given the scope of the pension reforms. Keith suggested this may be explained by the contrasting timelines involved, with auto-enrolment being introduced gradually, over a ten-year time frame.
    - There was discussion on whether the incidence of these reforms would most impact the employer or the employee. A council member noted that the burden of such

reforms could be shifted to employees, resulting in lower wages, or that employers assuming the full burden may result in the substitution of capital for labour.

- It was noted that the reforms would likely lead to price increases, particularly in hospitality sectors, and that price increases would be easier managed by larger, urban firms.
- Council members concluded the discussion with questions on the future direction of government policy: should the priority be increases in employment levels or increases in living standards?

## **AOB**

- It is proposed to hold the next Council meeting in September to finalise the draft Annual Progress Report of Pathways to Work, for submission to the Minister by the end of September.

## **Actions:**

- Secretariat to circulate the Draft Third Annual Progress Report of Pathways to Work for Council feedback, by end August.
- Secretariat to circulate the Chair's Report from the National Economic Dialogue, when available.
- DSP to provide a note to the Chair on AI and PES.
- DSP to provide a note to the Council on the changes to the Work Placement Experience Programme.