

Draft submission to Oireachtas committee

I wish to thank the Committee for the opportunity to speak to you today. Our presentation will focus on a number of issues the main one being 'Activation into what?' It has been taken as true that progression into a job is a sure way of improving one's economic and social status. If that is to continue to be the case it needs intervention by the State in the labour market to ensure that work pays in all cases.

While the precise number of employees on precarious contracts and practices in Ireland is unknown, some estimates can be gleaned from CSO statistics. Thus, employees on precarious contracts are likely to be a significant component of the group categorised as underemployed. Ireland has the second highest level of underemployment in the EU, after Spain. A total of 7.4% of employees here report as seeking additional hours; the EU average is 4.4%. Since the Q3 2008 (the first year for which Ireland has data), the number of underemployed has increased by 50.5%. This compares to a growth of 31.9% across the EU during this period. This is not a problem at the fringes of the job market or confined to the low paid sectors. Individuals on precarious contracts work in all sectors and in occupations across the pay and earning spectrum.

The role of apprenticeships in delivering a smooth transition to the labour market should not be ignored. Apprenticeships are in the process of expanding beyond their traditional (and overwhelmingly male) roles. There is an opportunity here for the new apprenticeship system to offer employment opportunities at level six to nine on the national framework of qualifications. The National Apprenticeship Advisory Council, with its tripartite structure facilitates an engagement on the wages and conditions attaching to proposed new apprenticeships.

In the area of Brexit, the only certainty is uncertainty. There may well be inflows from the UK from Irish people returning and also from Eastern European migrants who are uncertain about their future in Britain – especially in England – and who may well have family links in Ireland. This may

well mean that people who are distant from the labour market will become more distant. There is also the issue of the sectoral balance of jobs. Trader jobs in the IFSC will not replace factory floor jobs in the food industry in the BMW region.

In focussing on job quality one blot on the landscape is the abuse of unpaid internships. In some sectors such as arts and the media such exploitative practices are becoming a normal entry route. The state should not be encouraging such practices and it is in this context that we welcome the decision to terminate Job Bridge. If it is felt necessary to subsidise employment it should be regular employment which attract full rights under labour law from day one, and which is targeted at particular groups in the labour market. There should also be adequate and enforceable measures against displacement. Therefore the prospect of a scheme to replace Jobbridge should be viewed with great caution. The need for a subsidised work-experience scheme is questionable given that the changed economic context, which has shifted from high unemployment to relatively buoyant conditions. In the second quarter of 2016, the youth unemployment rate (16-24 years) had dropped to 16.5% and the overall rate was 9.1%.

While the Indecon report points to high progression rates from Jobbridge (64.2%), it must be noted that 24.7% of survey respondents gained employment in a different sector to the one in which they undertook their Jobbridge placement. This may indicate that some had to divert from their preferred career path which may be difficult to undo.

The proposed new scheme recognises the need for employers to contribute to its financial cost. This is to address one of the findings from the Indecon evaluation in 2016 which states:

‘As is common in many labour market activation schemes, the counterfactual impact evaluation suggests that most of the benefits in terms of employment outcomes would have occurred in the absence of the Scheme. In other words, high levels of deadweight exist. There is also evidence of some level of displacement in a minority of cases’.

The potential for deadweight and displacement remains a cause for concern, particularly given that self-reporting by employers may lead to under-estimation. While the magnitude of risk may be less apparent at a macro-economic level, the dynamics of job displacement can be detrimental in individual cases. For example, jobseekers who had previously been in employment found themselves 'priced out' of applying for positions that would otherwise have been suitable and would have normally attracted an industry level of pay but which were instead filled under the Jobbridge scheme.

The proposed new Jobbridge scheme recognises the need for a higher level of payment for participants, pegged at minimum wage level. However, this does act to protect industry norms in many cases. The Joint Labour Committee system provides an alternative and well-suited system for managing the question of work-experience, training, entry level rates etc. The use of this system across a range of sectors should be promoted and incentivised rather than undermined by State policy. Currently employers in the hotels sector are effectively vetoing the State's system for collective bargaining by refusing to negotiate a sectoral agreement on pay and conditions. At the same time, the hospitality industry enjoys a reduced VAT rate and, in effect, the State is propping up low-pay through the Family Income Supplement payment. The introduction of a new Jobbridge scheme would only provide a further opportunity for employers in low-paid sectors to dampen wage outcomes.

The proposal for a new Jobbridge scheme does not adequately deal with its potential negative effects. Despite the promise of tougher inspections, there is no mechanism to address the fact that some sectors are more prone to exploitation and low-quality employment. The Indecon report from 2016 found that 33% of survey respondents found that their placement did not provide satisfactory job training and work experience opportunities. And yet, rather than being paid the normal job rate, they worked at a sub-minimum wage level for 30-40 hours per week for 6-9 months without having a quality experience. It is already difficult for low-paid workers to manage and the prospect of

interns on a new Jobbridge scheme at minimum wage may undermine the potential for pay progression among ordinary employees. In addition, the scheme does not build in the importance for career progression so that, rather than being a stepping stone, it is a treadmill.

All workers should be able to benefit from pay rates that are set at company or at sectoral level above the minimum rate and interns should not be excluded from this. Irish workers in the hospitality sector are low-paid by European standards and this should not be reinforced by an improperly designed new Jobbridge scheme.

The argument has been made that it is difficult to find employment without having experience and that a work-experience placement can bridge this gap. However, there are demonstrable skills shortages in many areas of the Irish economy, such as ICT. This provides an incentive for employers to take on graduates without experience and to provide their own on-the job training. A new Jobbridge scheme would seem to be an unwarranted subsidy to employers in this situation.

A new Jobbridge scheme is not necessarily an answer for targeting participants with a low level of education and/or other social disadvantages given that the sectors they may be directed to can be prone to low-pay and vulnerable to exploitation. In order to meet the complex needs of these clients, it would be better for the Department of Social Protection through its local INTREO office to engage directly with employers to seek suitable work placements if appropriate. In some circumstances, it may be more beneficial to prioritise education and/or a vocational training/apprenticeship programme in order to provide the basis for sustainable employment.

The need for intensive and one-on-one engagement with young people was underlined in the Ireland's Youth Guarantee implementation plan. This was to provide young people aged 18-24 years, unemployed for four months or more, with the offer of work or alternatively a quality offer of training, education or work experience. The intention was for INTREO office staff to prioritise young people and there were penalties attached to those in receipt of benefits for non-engagement. The

Jobbridge scheme was one of the options under the plan, among others such as Momentum, JobPlus and the Back to Education allowance. The Ballymun pilot scheme was well-resourced but there are significant question marks about the roll-out of the Youth Guarantee beyond, particularly regarding the capacity at local level to deliver an intensive level of support. A progress-report/evaluation of the Implementation Plan is urgently required in order to assess its effectiveness.

Research on the effect of reductions introduced to the unemployment benefit rates for young people was also commissioned but has not yet emerged. It is important to bring this forward at the earliest opportunity and to draw the necessary policy lessons from its conclusions.