

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM CHOIMIRCE SHÓISIALACH

### JOINT COMMITTEE ON SOCIAL PROTECTION

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*Déardaoin, 26 Eanáir 2017*

*Thursday, 26 January 2017*

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The Joint Committee met at 10 a.m.

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#### MEMBERS PRESENT:

Deputy John Brady,	Senator Kevin Humphreys.
Deputy Joe Carey,	
Deputy Willie O’Dea,	

In attendance: Deputy Denise Mitchell.

DEPUTY JOHN CURRAN IN THE CHAIR.

**Chairman:** As we have a quorum, the committee is in public session. Apologies have been received from Deputy Bailey and Senators Butler and Higgins. I welcome the witnesses to this meeting of the Joint Committee on Social Protection. I remind members to ensure their mobile phones are switched off or put into flight mode. I propose to go into private session to deal with several housekeeping matters. Is that agreed? Agreed.

*The joint committee went into private session at 10.05 a.m. and resumed in public session at 10.15 a.m.*

### **Labour Activation Measures: Discussion (Resumed)**

**Chairman:** I welcome Dr. Peter Rigney, ICTU, Ms Lorraine Mulligan, SIPTU, Ms Brid O'Brien and Mr. John Stewart, Irish National Organisation of the Unemployed, INOU, and Mr. Tony Donohoe and Dr. Kara McGann, IBEC, to discuss the matter of labour activation measures. I propose to ask ICTU and SIPTU to make their opening statements, followed by the INOU and finally IBEC. Members will then be invited to address their questions to the witnesses.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence they are to give to the committee. However, if they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her or it identifiable. The opening statements submitted to the committee will be published on its website after the meeting.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official, either by name or in such a way as to make him or her identifiable.

I ask all those present to either turn off their mobile phones completely or switch them to flight mode as they interfere with the recording and transmission of proceedings. I invite Dr. Peter Rigney to make his opening statement.

**Dr. Peter Rigney:** Ba mhaith liom buíochas a ghabháil leis an gcoiste as ucht cuireadh a thabhairt dúinn.

Our presentation will focus on several 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, the State must intervene in the labour market to ensure that work pays in all cases.

The precise number of employees on precarious contracts in Ireland is unknown. While the precise numbers of employers offering precarious contracts here is not available, some estimates can be gleaned from statistics compiled by the CSO. 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 seeking additional hours while the EU average is 4.4%. Since the third

quarter of 2008, the first year for which Ireland has data, the number of underemployed persons has increased by 50.5%. This compares to a growth of 31.9% across the EU during this period. This problem is not confined to the fringes of the job market or to low-paid sectors. Individuals on precarious contracts work in all sectors and in occupations across the pay and earning spectrum. I make that point because there should be a pull factor in activation. When people talk about activation, they tend to talk only about the push factor but there should also be a pull factor in a properly functioning labour market, where people are drawn into that market by the attractive proposition that work pays.

I wish to draw the committee's attention to the role of apprenticeships in delivering a smooth transition to the labour market which 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 levels 6 to 9 on the national framework of qualifications. The national apprenticeship advisory committee, with its tripartite structure, facilitates an engagement on the wages and conditions attaching to proposed new apprenticeships.

On the issue of Brexit, the only certainty is uncertainty. There may well be inflows into the labour market 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. Most immigrants have networks, as we Irish know only too well. People may be lifting the phone to find out how things are in Ireland compared to Nottingham, for example. This may well mean that those 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 International Financial Services Centre, IFSC, will not replace factory-floor jobs in the food industry in the Border, midland and western, BMW, region.

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

My colleague, Ms Lorraine Mulligan will take over now.

**Ms Lorraine Mulligan:** I will go into a little more detail on JobBridge and how we should view that scheme at the current juncture, given the changed circumstances. While the Indecon report points to high progression rates from JobBridge, it must be noted that 24.7% of survey respondents gained employment in a different sector to the one in which they undertook their placement. This may indicate that some had to divert from their preferred career paths, which may be difficult to undo. That is an important consideration in the current climate.

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 reads as

follows:

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 underestimation. While the magnitude of risk may be less apparent at a macroeconomic level, the dynamics of job displacement can be very 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 that 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 the 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, in effect, 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 while the State props 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 considered that their placements did not provide satisfactory job training and work experience opportunities. Rather than being paid the normal job rate, however, they worked at a sub-minimum wage level for 30 to 40 hours per week for six to nine months without having a quality experience. It is already difficult for low-paid workers to manage but 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 of 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 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. Nor is a new JobBridge scheme 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 com-

plex needs of these clients, it would be better for the Department of Social Protection to engage directly with employers through its local Intreo offices to seek suitable work placements if appropriate. In some circumstances, it may be more beneficial to prioritise education, vocational training or apprenticeships 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 to 24 years who had been unemployed for four months or more with an 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. While the Ballymun pilot scheme was well-resourced, there are significant question marks about the roll-out of the Youth Guarantee, in particular regarding the capacity at local level to deliver an intensive level of support. A progress report or evaluation of the implementation plan is urgently required in order to assess its effectiveness and chart a way forward. Research on the effect of reductions introduced to the unemployed benefit rates for young people, commissioned by the Department through the Labour Market Council, has yet to emerge. Again, this is vital information that should be brought forward at the earliest opportunity so that we can draw the necessary policy lessons and conclusions.

**Chairman:** Thank you. I now invite Ms O'Brien to make her opening statement on behalf of the Irish National Organisation of the Unemployed, INOU.

**Ms Bríd O'Brien:** I do not propose to read the submission which we sent to the committee as it is rather lengthy. However, I would like to comment on some of the statistics provided in it.

In regard to long-term unemployment, in a lot of the public discourse there has been a presumption that long-term unemployment is primarily an issue for young people but it is in fact an issue for people of every age. Access to employment is particularly difficult for those who live in areas where there has been less employment, less economic development and where there are many issues associated with social exclusion. It is also an issue that is raised with us by people who are older, many of whom had good jobs before the crisis or were employers and now find themselves, because of their age and a skill mismatch or not, unable to access employment. There are a range of challenges facing us in this area as we move forward.

We have also included in our submission a snap-shot of activation programmes. The month of November is the most recent in respect of which data is available and so we have reviewed the two-year periods from November last to 2008. Programmes such as Tús, JobBridge and Gateway did not exist then. The first statistics for Tús and JobBridge were only seen in November 2012 and for Gateway in 2014. What we found interesting is how the back-to-work enterprise allowance has grown over that period. We would be conscious that for many unemployed people, be it because of age, geographical or other forms of discrimination, self employment can be an option. Further supports and links to the wider enterprise supports available would be a welcome development.

Community employment has remained at in or around the 22,000 mark. It plays a critical role. For many people it is the only access point to the labour market. Following on from a point made earlier about JobBridge, it is dealt with on the Department's website under the heading "stepping stones". Our concern is that often progression from JobBridge into the wider

labour market is not at a rate we would like to see. Also, in terms of the age profile, it tends to be older unemployed people who participate in JobBridge. An issue that is constantly raised with us by older unemployed people is whether Ireland ever intends to address the issue of ageism in the labour market or if people who are older and unemployed are to be only referred into programmes such as community unemployment. This is an issue on which there is need for serious reflection and in respect of which we need to make serious headway.

Another issue of concern for us is the figures on full-time training. In November 2008, there were over 10,000 people on specific skills training. According to the most recent figures available there are now only over 7,000 people in training. The CSO data for the “training in school” figure, which is for September, indicates that in-take was the lowest ever, which is very striking. We are hearing all the time from commentators, employers and so on that there is a skills gap. It is worrying that up-take is falling in one of the programmes that in the past had a good track record in terms of addressing skills gaps and giving people skills that were marketable. Likewise, take-up in terms of the back-to-education allowance is falling back to the figures of the pre-crisis period, despite the fact it was expanded a lot during the crisis. Of concern to us are the findings of the ESRI report and the huge challenges this throws up. Given the strong relationship between educational status, the inference is that if a person does not attain a good educational status the first time around even though he or she may do so the second time around it may not be to his or benefit. That is a very serious concern for us.

In regard to the headings used throughout the report, we have used the ones that are the three strategic objectives of the Department of Social Protection. We have used them for two reasons. We feel the first one, putting the client at the centre of services and policies, is absolutely critical. We have concerns as to whether that is happening. The system has become increasingly more directive. The feedback we are getting is that people feel they are being told to go on things rather than being able to make informed decisions about their future. They are being directed on to programmes such as Tús, Gateway or community employment while perhaps not getting the opportunity to re-educate. They may be sent on a re-education or training programme that may not be suitable for them and somebody else might have really welcomed that opportunity.

That is the challenge. With all the change that is in the system, there is that challenge to get that matching piece right, taking the time when people are engaged both initially and subsequently to get to know the skills and experience they have, what opportunities are available and what needs to happen now to support that person to get into a decent and sustainable job. It is in everybody’s interest that we get people into decent and sustainable jobs. Clearly it is in the interests of the individuals and that of their family and community. It is also in the State’s interest. If we get more people into better, decent and sustainable jobs, there would be less recourse to in-work supports such as FIS. It is really important to get that piece right and try to build the services around people who are unemployed and others of working age who are looking for work and looking for supports in trying to find work.

Another objective of the Department is to drive cost, efficiency and effectiveness. We changed that slightly to pursue greater equality, efficiency and effectiveness. We need a system that is more effective and engaging with people, and that meets their needs in ensuring there is good local knowledge in the local Intreo office and other aspects of the employment service, which include the local employment service, employability services, JobPath and programmes like the social inclusion and community activation programme, SICAP. We need to get a better system and that leads to better use of resources and better outcomes for everybody. It is critical



that equality and social inclusion principles are built in at the heart of that. We need to try to meet the needs of people, including those who are unemployed, parenting alone, living with a disability or whatever.

We would like to see some practical steps addressed. For example, people on jobseeker's payment can take up work for up to 13 weeks or move into education or training and their payment is put on hold. That is not broadcast well by the Department. The only place it is mentioned on its website is on the frequently asked questions, question No. 20, on the jobseeker's page. Someone would need to know it is there in order to find it in the first place. That is something the Department should promote because it could make a big difference to people who live in areas where there is seasonal work or Christmas work. One of the best forms of activation is supporting people to be able to take up work, build up their curricula vitae and their contacts so that they can find employment.

Likewise we are conscious that if people who have been unemployed for a long time and whose only income is their welfare payment go from a weekly support to a job with a two-weekly or monthly payment, it can give rise to an income gap. There is a mechanism through the supplementary allowance system called "payment pending wages" that the State could use. It would be a small investment but could make a huge difference to a person taking that step, particularly if he or she has family and is concerned over whether they will be able to provide over that period. It is a mechanism that could be used in a more constructive way.

The target is to get unemployment down to 6% by 2020. All going well we may achieve that but if we do, it still leaves many people who will meet the official unemployment definition, which is they genuinely have been seeking work in recent weeks and are in a position to take up work in the coming weeks. We are aware that there are many people who, for various reasons, have lost heart trying to find work, do not answer "Yes" to one or other of those questions or may have caring responsibilities and believe it will take them longer to resolve those issues if they find a job. They may face logistical difficulties in getting from where they live to the location of the potential job. Initially, they may not be in a position to provide their own transport. There are a range of reasons people do not answer "Yes" to those two questions. The official unemployment figure captures a particular picture, but it does not necessarily capture everybody.

In terms of people of working age on other payments, because of the way Intreo was designed and rolled out at the time of crisis, the system now tends to slot them in rather than consider a way to design it to ensure it is more inclusive. In terms of reaching that target, with Brexit and other concerns that could be an even bigger challenge but there is also a real danger that many people will be left where they are now and that Ireland will grow and prosper but they may be left behind and not get a look in. This time around, we must ensure we do not leave people behind or with a sense that they have been parked in their local communities because they are Travellers, parenting alone or have a disability. This time around, we must ensure that we address those issues.

From that point of view, developing staff structures and processes that have the capacity to provide services for people from a variety of backgrounds with a variety of issues is critical. In terms of the way the Department meets its obligations under section 42(1) of the Irish Human Rights and Equality Commission Act, which is the positive duty now placed on public bodies to eliminate discrimination, promote equality of opportunity and treatment of staff and persons to whom they provide services, and protect the human rights of members, staff and the persons to whom they provides services, it is critical that that is done well.

From our perspective, it is important that a new socio-economic ground is introduced to the equality legislation to capture and address the discrimination many unemployed people experience. The CSO report of some years ago, which was based on the quarterly national household survey, was striking in that the second highest rate of discrimination identified was of people who were unemployed. That was identified because the survey captured people's principal economic status. We must address that issue and ensure that this positive development also meets the needs and addresses the issues facing people who are unemployed.

Brexit could be both a plus and a minus at the same time. We could see many job losses but we could also see job gains depending on how some of that works out but it is more than likely they will be at two different ends of the labour market and require very different skill sets. How do we address that and, in particular, ensure that those currently distanced from the labour market do not find themselves even more distanced from that market as it emerges? There is a target in the programme for Government to create an additional 200,000 jobs, of which 135,000 will be outside Dublin. There is a target to get the unemployment rate to within 1% of the national rate. When we consider the range of issues facing different parts of the State, meeting that will be particularly challenging. We know from feedback we get from both individual members and affiliates working throughout the country that the creation and maintenance of decent, sustainable jobs in their areas is critical.

In that regard, the way policy programmes such as Pathways to Work fit in alongside the Action Plan for Jobs and the Action Plan for Education is critical. We would be anxious to hear from a range of providers and policy makers in the education sector that the referrals to education and training courses are not being made from employment services under the remit of the Department of Social Protection. Given that the skills issue has been identified by so many people, that is something we need to get right. Otherwise, we would be concerned that even if all the fears about what is happening in the United States and in Britain do not come to pass, there still will be significant employment and social inclusion challenges facing unemployed people. That is an issue we must ensure we address well.

It is critical that active inclusion is built into the way policy making is designed and implemented, that services are person-centred for everybody of working age and that they are proactive and supportive. It is also important that there is a proactive and full provision of information in order that people can make informed choices. In addition there must be flexibility in the system to facilitate participation. One issue of which I am sure the committee is aware is in respect of employment programmes. At one stage pre-crisis there was a real attempt to make sure that the terms and conditions that were associated with community employment applied across all programmes, particularly in terms of access to them and then with the crisis there tended to be a focus just on jobseeker's payments. One of the issues that has been raised with us is the difficulty facing people coming out of prison, for example, for whom perhaps a Tús programme would be an option. It is important that some of the anomalies that have arisen are addressed so that the system is inclusive of everyone who needs support.

Supportive services that are needed to help people to reskill include the provision of adequate and affordable child care and transport. There is also a need for good integration across Departments and agencies. Labour market activation will not produce the outcomes we would like to see unless there is good engagement between the Department of Social Protection, the Department of Education and Skills, the Department of Jobs, Enterprise and Innovation, the Department with responsibility for community and local government, the Department of Children and Youth Affairs and the Department of Justice and Equality.



Employment programmes have an important role to play but we would like to see better outcomes from them in terms of access to the wider labour market and to ensure that they are a stepping stone for people. It is important that positive duty is incorporated and there is active inclusion at the heart of the system. We must be realistic about the resources required to realise those aims. We must ensure the staff providing the services in the State sector, the voluntary sector and the private for-profit sector are working from a certain ethos and have the resources to provide them and ensure we get better outcomes for everybody.

**Chairman:** I thank Ms O'Brien for her opening statement.

**Deputy Willie O'Dea:** I apologise to witnesses and the other members of the committee as I have an alternative appointment. I thank them for their presentations which were most interesting. I have read them and perhaps I can engage with the witnesses individually on the various points they have raised.

**Chairman:** I thank Deputy O'Dea. Before I take questions from the other members I will invite Mr. Tony Donohoe from IBEC to make the third presentation on behalf of IBEC.

**Mr. Tony Donohoe:** I thank the joint committee for the opportunity to address it on what continues to be a critical issue for the business sector from both an economic and social perspective. The emphasis may change, depending on the economic cycle. During the depths of the recession, there were compelling social inclusion imperatives to keep as many people attached to the labour market as possible. As the economy recovers, the labour market has tightened and skills shortages are emerging. However, before looking at some of the emerging challenges, it is important to acknowledge the achievements to date, which have been considerable. The headline figures are encouraging. Unemployment has fallen from more than 15% to 7.2%. The most critical metric, long-term unemployment, has fallen from 9.5% to 4.5% and the youth unemployment rate has more than halved.

In any discussion about labour activation, there will be a debate about cause and effect. How much of the reduction in unemployment can be attributed to the general economic recovery and how much to well designed activation policies? Without wishing to be too predictable, it is important to remember that the Government does not create jobs, it is business that does. Labour market recovery is more likely to continue in a business environment that supports competitiveness. However, Government policy has a major impact on the conditions which are conducive to firms rehiring and on the quality of education and skills of those seeking employment. The Government must also ensure that there is a strong incentive to work and that the best approach is taken to assist and upskill those who are looking for work. We have made significant progress on activation. I recall the mid-1990s when long-term unemployment remained obstinately high despite very high growth figures. There was much discussion in those days about jobless growth. In 1995, when the economy was growing at 6%, the long-term unemployment rate was over 9%, twice the level it is today, so we have learned a great deal about activation. However, the figures are still too high. Despite the improved labour market, long-term unemployment of over three years, youth unemployment, inter-generational jobless households and unemployment among people with disabilities all remain serious concerns.

The challenge is multi-faceted, so I will outline four priorities: the consolidation of existing reforms; the need to have an increased emphasis on programme evaluation; the need to continue examining employer engagement and the development of relevant skills. On the first priority of consolidation of existing reforms, there have been significant improvements in the delivery of employment and activation services since the Pathways to Work strategy was in-

troduced in 2012. The implementation of new engagement processes, jobseeker profiling, the establishment of an employer relations division, a reduced payment regime for people who do not engage with the system and the back to work family dividend are all positive developments. Employers are also well disposed to the JobPath contracted employment service which supplements Intreo in delivering support to the long-term unemployed.

We welcome the overall philosophy of Pathways to Work, which is based on a social contract to ensure that all parties understand that with rights come responsibilities. We believe that is the correct one. However, as always, there remains the challenge of translating the rhetoric we see in the strategies and policy documents into a reality for people who engage with the services. Although the delivery has improved significantly, there are still inconsistencies in the quality of service. There should be a particular emphasis on ensuring that Intreo staff have the capacity, competence and culture to deliver services that meet the needs of their clients.

We must also develop a culture of constant evaluation. The introduction of more labour market-facing jobseeker services and programmes such as JobBridge, JobsPlus, Springboard, ICT skills conversion programmes and MOMENTUM has been positive. However, there is a plethora of other training and activation schemes for which we have very little outcomes-based data. In the few instances we have published evaluations, the results are not encouraging. For example, the Economic and Social Research Institute study on the back to education allowance scheme, which Brid O'Brien mentioned, found that the employment prospects of people who used the scheme to undertake long-term training courses were significantly reduced, even four or five years after completing the programmes.

Ironically, where there was an independent evaluation of a scheme that showed very strong employment progression, JobBridge, we closed the scheme. The Indecon review of JobBridge showed that 79% of candidates were employed directly and 64% are still in employment. Matched against a control group, an unemployed person had a 32% better chance of getting employment and sustaining it after going on JobBridge. Despite the way it has been characterised this morning, the Indecon report was overwhelmingly positive. Where there were significant dissatisfaction levels they were around the payment issue, unsurprisingly. Undoubtedly we need a reformed work experience programme that matches the new economic environment. We welcome the Government's commitment to introduce a replacement. However, I am concerned about the vacuum that has been created with the closure of JobBridge and the delay in establishing a replacement. That should be expedited.

As an aside, the amount of oxygen taken up by JobBridge is extraordinary. It appears to be more of an ideological debate than anything else. At its height, JobBridge only ever had a maximum of 7,000 candidates. At the time it was closed, the number was 3,390. At its height, it represented less than 5% of all people on work activation programmes. It is a tiny fraction of this activity yet it seems to be a bit of a lightning rod for ideological debate. It is important to keep in perspective what was a very positive experience for a relatively small number of people.

I will turn to the issue of employer engagement because an effective activation policy requires a significant level of engagement with business to identify opportunities for jobseekers and promote the recruitment of people who are on the live register. The structure of Irish business, which has a large number of small employers and a relatively small number of large companies that have the resources to engage with the many State agencies, makes this a challenge. Intreo is also competing with many other avenues of recruitment, including staff referrals, private recruitment agencies and online services. Therefore, we should ensure it has the staff and resources to develop this important work and that the Intreo office will be the first destination

for employers looking to hire.

In respect of training and employability skills, I followed some of the committee's debates around whether the approach to labour activation should be job first or education first. We heard echoes of that again this morning. I believe the response is determined by individual circumstances and is not a binary decision. There is a need to ensure that the unemployed are matched appropriately with upskilling. There is a sizeable cohort of very low-skilled unemployed people who are distant from the labour market and who need specialist interventions within education and training provision. The low-skilled can become trapped in insecure employment punctuated by spells of unemployment in the absence of upskilling opportunities, while previous negative educational experiences, lack of awareness of the opportunities and benefits of education and lack of familiar role models may all act to dissuade individuals from engaging in upskilling. This is why guidance is such a critical component. As Ms O'Brien mentioned earlier, close and formal collaboration between Intreo offices and education and training boards in guiding the unemployed to effective training or work placement opportunities is critical. I am aware that protocols are in place but I am not convinced that a systematic integrated service is being delivered in all areas. On this point, we would agree with the Irish National Organisation of the Unemployed. The principles that should guide our education and training strategy have been well documented in lots of previous reports. They are flexibility and responsiveness in delivery, robust evaluation of outcomes based on ongoing collection and assessment of data, developing and adapting courses that meet the skills needs of local and regional employers, allocation of resources to the most effective elements of education and training in helping the unemployed, meeting skills needs and continuing to provide a pathway to work for school leavers. These have been acknowledged in the national skills strategy and the Action Plan for Education. The establishment of the regional skills councils, in which Intreo will, hopefully, play a significant role, will also help to bring employers together with all the local stakeholders in what can be a very crowded space.

We would also like to place a particular emphasis on developing what we call employability skills. IBEC's research has consistently shown that in recruiting people for entry-level positions, employers may not require a lot of hard skills and qualifications. However, they want evidence that candidates have the attitudes and soft skills that will enable them to learn what the job entails, adapt to the company culture and get on with their colleagues. On the last occasion that we asked our members to indicate the level of importance they attached to each of ten attributes when recruiting for entry-level jobs, 75% described work attitude as very important. This was more than double the weighting attached to the second and third attributes. In follow-up focus groups, companies told us that they are willing to arrange for or supply any specific training required once the requisite willingness to learn and adaptability are present. This is an important message for our guidance and training services.

I wish to conclude with a comment on how we can ensure our labour activation policies can adapt to an uncertain future and the inevitable shocks imposed on economies. Recently, in the United States and United Kingdom, we have seen a dramatic manifestation of concerns about outsourcing and relocation, increased income inequality, automation and gaps between skilled and unskilled workers. To meet these challenges we need new forms of flexibility and security for individuals and companies. Individuals need employment rather than job security, as fewer people will have the same job for life. Companies need to be able to adapt their workforce to meet changes in economic conditions. They should be able to recruit staff with a better skills match who will be more productive and adaptable, leading to greater innovation and competitiveness.

More than a decade ago the European Commission promoted the concept of “flexicurity”, an integrated strategy to enhance, at the same time, flexibility and security in the labour market. Unfortunately, the strategy was overtaken by the recession and we heard very little about it. It should be revisited. There are four main policy components to flexicurity, namely, flexible and reliable contractual arrangements from the perspective of the employer and the employee; comprehensive lifelong learning strategies to ensure the continual adaptability and employability of workers, particularly the most vulnerable; effective labour market policies that help people to cope with rapid change, reduce unemployment periods and ease the transition to new jobs; and modern social security systems that provide adequate income support, encourage employment and facilitate labour market mobility. While we have certainly made some progress under all of these headings, if we hope to fulfil our commitments to growth, job creation and social cohesion, we need to create a situation in which security and flexibility can reinforce each other.

I again thank the joint committee for giving me the opportunity to present the business perspective on this important issue. I will be pleased to address questions members may have.

**Chairman:** I thank all of the delegates for their opening statements which will be published on the committee’s website after the meeting.

**Senator Kevin Humphreys:** I, too, thank the delegates for their presentations and will be quick as the time available to us is tight.

**Chairman:** Members have five minutes initially, but we may take further questions.

**Senator Kevin Humphreys:** One of the major challenges facing us as we emerge from the recession is presented by intergenerational unemployment. We do not have sufficient data to tackle this issue which can also have a geographical dimension. What are the delegates views on this issue?

Age discrimination is evident as we emerge from the recession and will become a major issue. Age fear is also an issue, by which I mean someone in his or her 30s will not necessarily want to employ someone aged 45 years or more because he or she will have much more experience of life and employment than the employer. We need to break down this barrier.

Of the six jobs I have had in my career, only two are still available. I started off in flour milling and the production of animal feed. All flour mills have closed. I was also a postman, an occupation that is about to go by the wayside, and later worked as a telephone technician, a job that has completely changed. We must tie together lifelong learning and sustainable employment because someone leaving college, university or school today will probably have at least six careers.

On the issue of constant reassessment, what was good during the recession is not necessarily good now. This applies to the VAT rate applicable to the hospitality sector, which results in the State forgoing revenue of more than €300 million each year. We must ensure we get bang for our buck, which means equality of employment and a return to the market. We are fast approaching the point where we should consider winding down this measure and investing the €300 million in tax forgone in another area. I ask the delegates to comment on this. We always need to keep on reassessing what we are doing and whether it is right.

There were a number of activation measures and we can look at community employment, Tús and Gateway schemes. They are quite relevant and were successful during the recession. There is a possibility we should revisit those. Community employment was originally set up



by a former Deputy, Ruairí Quinn, going back to the 1980s and it has changed and moved. I am interested in the number of people in community employment and who have real jobs. We should reassess what is real work and what is training to move on. That is why I have lumped community employment with Tús and Gateway, as Tús has no training element and it was purely to keep people connected with employment and carrying out useful functions.

JobBridge and JobsPlus need to be considered together. JobsPlus is an incentive to an employer to take somebody on. Perhaps we should look at redesigning that area and the incentive with the training. There is the possibility that somebody who is long-term unemployed will not be taken on. There must be recognition that people have challenges in getting employment and the employer has challenges relating to training and experience. JobsPlus was a cash incentive targeting that area. Maybe that should be expanded. I have looked at the Economic and Social Research Institute report and its examination of back-to-education matters. In some ways during the recession, it was about trying to keep people connected with employment. As I stated at another committee meeting, we often hear what we do not like and then we look for the reasons behind the results. Who went back to education and were we giving some people something to do that might not have been suitable? It was not misdirection as there were other channels but now we are in a better position, should we look at a better directed approach? Back-to-education measures may not always be suitable for everyone but those who go back to education should have a quality experience. Will outcomes be very different?

**Chairman:** I thank the Senator for staying within his time.

**Deputy John Brady:** I welcome the witnesses and I apologise for running a little late. I read through the statements before I came in so I hope I have not missed anything. The key question is in the opening statement of the Irish Congress of Trade Unions, ICTU, which mentioned activation, but activation into what? That is why it is important we have the delegations here this morning and know the importance of the work we have agreed to undertake in this committee. There are difficulties in the labour market and we have seen wholesale exploitation between low or zero-hour contracts. Unfortunately, the Government has failed to tackle such issues. My colleague, Deputy Cullinane, brought forward legislation to introduce banded hour contracts last year but unfortunately it has been kicked down the road for 12 months. There is much difficulty and huge levels of exploitation, particularly through some of the labour activation schemes that have been in place. I will touch on them in a minute.

ICTU also mentions under-employment, which is a major concern tying in with zero-hour and low-hour contracts. Our rate is the second-highest level within the European Union, behind Spain, which is alarming. Does ICTU have any proposals on how to tackle that? Some labour activation schemes are positive but some have been very negative. I welcome that the Minister, after many calls from organisations and bodies, moved to abolish the JobBridge scheme last year. We are operating in a vacuum. The Minister stated he hoped to bring forward a replacement for JobBridge and we are still waiting for that. It was interesting to read through IBEC's presentation. The major reservations my party had over the abuses within JobBridge were borne out in the Indecon report, which stated that elements of the scheme were fundamentally flawed in its design and roll-out. It is very alarming to read this. What do the representatives of IBEC think of deli assistant positions being advertised on JobBridge? Surely these should be fully paid, full-term employment as opposed to JobBridge employment. JobBridge aided and abetted the replacement of full-time, proper employment for the likes of deli assistants, which would have formerly required a day's or a half day's training, with JobBridge employment which exploited people. We are now in a vacuum and there is no replacement for the JobBridge



scheme. Has the Minister held any consultation with organisations on what will happen next? My party has a number of proposals and my predecessor in this portfolio, Deputy Aengus Ó Snodaigh, brought forward well thought out proposals for a replacement scheme. I will pass the document on to anybody who is not aware of it. There was a serious focus on the need for apprenticeships and further education, as opposed to schemes such as JobBridge.

The representatives from ICTU touched on zero-hour contracts and family income supplement. Family income support backs up the low pay of workers and aids and abets many employers in abusing people's position. They know they can get away with zero-hour contracts and low-paid employment because the State will back it up with the family income supplement. Do the witnesses have any observations on the working family payment?

**Deputy Joe Carey:** We have come from 15% unemployment to the situation where it is now 7.2%, and from a time when there were very few labour activation measures to the present, when there is a wide range of them. IBEC made reference to the skills shortages which are emerging. In what specific areas are these shortages most prevalent? How can the gap be bridged and how can the much-needed skills be secured?

The presentation referred to inconsistencies in the quality of services such as Intreo and the pathway to work services. Can the witnesses expand on this and give examples of where they have seen inconsistencies? Does the quality vary across counties or regions? I agree with IBEC on JobBridge but while the emphasis in the presentation was on JobBridge, there are many other job activation measures such as JobsPlus, Springboard and CE schemes. As no reference was made to those, what are the witnesses' views on them and can they be improved? Given that the Minister has pulled the plug on JobBridge, have submissions been made to him or his Department on a new scheme? We have a broad outline of what will be in it but has a submission been made in that regard?

**Chairman:** Before I hand back to the witnesses who can answer the questions in order, much of the discussion has been specifically on the individuals. We talked about various schemes including on-the-job training, education and so forth. I acknowledge that but particularly in parts of Dublin - countrywide it is slightly different because job opportunities may be different - we have always had geographic areas of high unemployment. In addition to schemes aimed at individuals, such as JobBridge, community employment or apprenticeships, and apart from labour activation programmes that are aimed at the individual, there is probably something more we need to examine in the geographic areas of high unemployment around Dublin, which are well documented. I will not name any of them because that is not what this is about, but does something additional need to be done? Mr. Donohoe talked about intergenerational jobless households and we have seen them in those areas. In addition to labour activation programmes, including the specific education and advancement of the individual, do the witnesses have a view on what else can be done in geographic areas with significantly high rates of unemployment?

I will come back to my colleagues afterwards but a number of issues have been raised so I will call on Ms Mulligan first.

**Ms Lorraine Mulligan:** I thank members of the committee for their questions. I will start with Deputy Carey's remarks about why we focused on JobBridge. One explanation is the five minutes allotted and the fact that we have fewer concerns regarding some of the other schemes. In particular, we are quite encouraged by JobsPlus. Senator Humphreys mentioned the inter-linkage between these schemes, which must be looked at together. There is scope to enhance

and expand JobsPlus as opposed to the current situation with JobBridge, which is an internship scheme. We feel that incentivising work that is directed at disadvantaged areas should be done through a direct payment for full-time work.

I wish to put on record that SIPTU certainly has not been hysterical or anything of that nature concerning JobBridge and its functioning in the past. The comments that have been made today are in light of very different circumstances. The key for the committee to understand is that we are in a different position economically. While there may have been arguments about the need for employers to have some incentives to take on people, we are now in a space where we are looking at skills shortages. Our basic question is whether there is a need in the business community to be subsidised at this stage. We do not see the case for that. We feel that there are other beneficial pathways for people who wish to progress.

The overall point is that it is important to be balanced. It is certainly the case that the debate tends to become ideological, but we are not seeking to put forward an ideological position on this.

I will now allow my colleague, Dr. Rigney, to continue.

**Dr. Peter Rigney:** For the information of the committee, there are two key documents that its members should read. One is on the website of the Department of Public Expenditure and Reform and was produced by the Irish Government Economic and Evaluation Service. It is dated January and it is an evaluation of JobPath. The Department of Public Expenditure and Reform does numbers, to the exclusion of almost all else, and states the costs per 1,000 unemployed people is €9.1 million per annum. It has crunched the numbers on JobPath. The committee should have a look at the analysis. I am not saying it is good or bad.

Second, it is always worth reading anything that comes out of the skills and labour market research unit of SOLAS. It does a fine job and should be recognised.

The National Skills Bulletin 2016 is statistics heavy, as was that for 2015. There is a chapter on labour market transitions and people going from employment to unemployment, and from unemployment to employment. There is a body of evidence developing like a storm cloud that shows there is a growing or disturbingly large cohort of people at the bottom end of the labour market who are going into and out of unemployment. That undermines the narrative we all favour, which is that going into a job should be a ladder, not a treadmill. That requires legislators to think about what they have to do legislatively.

I do not want to labour the point on JobBridge. We live in a parliamentary democracy and, irrespective of whether the issue is cash for ash or JobBridge, the Opposition has a duty to hold the Government to account. Therefore, schemes should run themselves and should raise very little noise in the administrative system. Very few parliamentary questions have been seen on JobBridge. The problem with it is that there were many good, decent employers who did the right thing but got no publicity. In order to police the level of abuse that existed, which I admit was very small, one would have needed an army of inspectors. The State does not have the resources to fund that.

There is the question of opportunity cost to be considered. I receive constant complaints from people who were given contracts of self-employment which under any legal definition are false, and they are trying to get the scope section of the Department of Social Protection to adjudicate on their cases. They are waiting for months and months because of staff shortages.

For every civil servant working on administering a JobBridge scheme and trying to ensure the regulations are obeyed, there is a person in need with a bogus contract of self-employment, or perhaps not, waiting for a judgment. Therefore there are opportunity costs.

**Mr. John Stewart:** On the matter of what needs to be done, the Chairman asked about geographical areas where there are still high rates of unemployment and about intergenerational unemployment. It will be very important to see the detail of the action plan for jobless households and families. One will find it is probably not a question of doing one thing as there is a series of things to be done, including considering what works well currently and what has made the difference for people in terms of their being able to stay on a training programme, for example.

We run a training programme at the INOU called Building Futures. We have exceptionally high levels of retention on it, the reason being that we recognise certain things happen in people's lives. There might be times when, for very legitimate reasons, they might not be able to get to a class on time. One basically builds into programmes a means of recognising that people will need additional types of supports as they go through them. We have been able to do that. An awful lot depends on how programmes are designed and on an understanding of unemployment among those delivering programmes. The programmes must be flexible to recognise that circumstances change in people's lives. Very often, of course, they change for the better but unfortunately they sometimes change significantly and substantially for the worse. That is an important point.

With regard to programmes, Senator Humphreys made a point on community employment, Tús and Gateway. On this specific point on community employment, it is a reality that a very significant amount of important key social and community services are delivered through community employment, which, by its nature, is a part-time temporary programme for the participants. In terms of how community employment and other programmes are perceived by the wider labour market, there is work to be done by the Department of Social Protection in highlighting the positive and useful work being done and the useful skills and work experience being gained by participants through community employment. There is an issue in terms of the perception of how useful and valuable the schemes and programmes are in the wider labour market.

There are different actions that need to be taken on both the income side and the support side. It is important that we look at all of these areas, and that we should not become complacent. Mr. Donohoe is correct about the positive developments in the labour market. The increase in employment and reduction in unemployment is welcome. The unemployed have played their part in that. We are aware from recent previous experience that when jobs are created, the unemployed will take up those jobs in large numbers. There is no question about whether the unemployed want to work. Of course, they want to work. Persons who were unemployed, who genuinely believed a number of years ago that they would remain unemployed, possibly for the rest of their working lives, are now back in work. That is significant and something that should be celebrated. However, that does not happen by accident. Clearly, there is a need for programmes and supports for the unemployed to assist them to get those jobs so that when jobs are announced the unemployed hear about them, there is a good understanding of the criteria that an employer will have in terms of recruitment, and the unemployed are matched to those positions. The initial problems that arose with the new DSP Jobs Ireland website was unfortunate. It has the potential of getting something wrong to the extent that those issues arose. I am sure that has significant potential to put employers off using that type of website and falling back on the more traditional methods of recruiting.

There are many different things that need to be done. This is a good opportunity to raise those and discuss them, and to wish the joint committee well in its deliberations on these matters.

**Chairman:** Does Ms O'Brien want to add to that?

**Ms Bríd O'Brien:** To pick up on the Chairman's point, there are structural issues of inequality facing us as a country. At the height of the Celtic tiger we failed to address those and when the crisis hit, many of those communities found themselves even further behind. We must address those issues. If we are not serious about ensuring that we are working from a starting point where there is a strong commitment to and application of equality, human rights and social inclusion, we will fail yet again to address those issues. We must be serious this time around in putting in place the policies, the practices and the resources to ensure everybody feels he or she has a serious stake in this country, this country is for them, and the services and supports that are offered to him or her are meaningful and will help to improve his or her life.

In areas where there are few opportunities, in many cases it is programmes, such as community employment or Tús, that help to keep a service open. Those communities lost out on a lot of resources. A lot of resources were taken out of the Community Development Programme and the Local Development Programme. The Social Inclusion and Community Activation Programme, SICAP, has quite a different focus. Its focus is very much in terms of the resources that were in some communities that helped people be able to develop projects in their local area. A lot of those have been reduced. We need to look at how to provide resources to help communities make responses to the issues, including employment, facing them, but also to look at other issues that they can address. There was a strong focus on addressing issues facing rural communities but there is an equal need to acknowledge and seek to address the issues facing urban disadvantaged communities.

**Chairman:** I call Dr. McGann or Mr. Donohoe. Both or either can respond.

**Dr. Kara McGann:** To touch on the Chairman's and Senator Humphreys's question about intergenerational joblessness, I totally echo the statements the INOU has made about the structural and multifaceted issues surrounding the geographical aspect, but there are also individual issues. Meeting people where they are is vitally important, but understanding people's expectations of what is and is not possible, changing that history and helping people find a way out goes back to early education and the changing of attitudes at that stage. This involves working with the key influencers from that point onwards - specifically parents - to help foster an attitude regarding education and employment, working with the schools, teachers and the career guidance sector and building on areas such as the structural and child care issues, etc. It also involves fostering the idea and attitude that there are opportunities outside of this. We must tackle the structural issues, on one side, and develop this change in attitude, on the other, so that there is not this recurring theme that we fall into the same pattern time after time. This is, in part, a matter of meeting people where they are and having that flexibility, as Mr. Stewart said, within the programmes but also of having that change in attitude whereby there is hopefully an appetite to work with the system where it can meet them.

**Mr. Tony Donohoe:** I will take up Senator Humphreys' second point on age discrimination and older people. I fully agree with the point he makes; I have more than a vested interest in this. On a more serious point, it is a serious issue, and the issue of pensions and retirement ages is within the remit of the committee. It is very tricky and we need to make a start on it because these matters are all connected. Pension coverage, specifically private sector pension coverage,

is alarmingly low. We have these anomalies in respect of retirement age now whereby it is out of kilter with the State pension age. I am not sure I would characterise it as discrimination, but Ireland is a bit out of step with the rest of Europe in this regard. I sit on the BusinessEurope social affairs committee, which is basically a European IBEC. My colleagues there all talk about how we might keep people in the labour force for longer. Europe has a labour shortage, and BusinessEurope sees that we are living longer, are healthier, etc. However, it is quite complex because Ireland's is a relatively young population and we need progression opportunities for young people. Squaring this is quite tricky. We are talking to the Workplace Relations Commission about retirement ages and codes of practice. It is a very interesting area, which I would love an opportunity to explore at a future date.

Senator Humphreys also raised the issue of lifelong learning. We are very bad at this. Our lifelong learning rate is 7%; the European norm is 15%. In some Scandinavian countries it is over 30%. One could speculate on the reasons for this, but we need to consider, for example, how we use the national training fund, which has over the past number of years been used for activation schemes such as Springboard and MOMENTUM - and quite properly. However, we need to start rebalancing it towards upskilling and encouraging lifelong learning, particularly in the workplace. It is a significant amount of money. Employers contribute 0.7% to the fund. It varies each year but it is currently approximately €340 million. We could probably use it a bit more constructively. I do not want to get into community employment, CE, which is a bit like JobBridge. People take up positions on it very quickly. It does not have very good employment progression outcomes. The research on it is quite old so it should be revisited. However, it obviously fulfils a really important role in communities. It is when there is this confusion surrounding objectives that schemes become less effective. The scheme fulfils a role. That should be stated and it should be designed around it.

Deputy Brady has gone, but he was talking about entry-level jobs such as deli positions. It is important to retain that type of opportunity in any work experience scheme. I tried to draw this out a bit in my opening remarks. Employability, turning up to work on time and how one interacts with people are basic skills. To be quite honest, they do not exist at all levels. One could argue that some graduates do not have them either. They are very important. They are only gained in a contextual space in the workplace. Those jobs are valuable and we should give people the opportunity to break the cycle of no job, no experience, no experience, no job at every level.

There were some comments about the abuse of zero-hour contracts and precarious work. The University of Limerick study on the prevalence of zero-hour contracts and low-hour contracts does not back that up. In terms of statistics, it found that 2.6% of employees are on variable part-time work, 5.3% have constantly variable hours and much fewer than that are on low hours. Again, it is one of these things that becomes an urban myth. Unfortunately, it has the potential for some unintended consequences, particularly when legislation arises from it, because one person's precarious work is another person's opportunity for flexible employment conditions. Employers are already implementing a large raft of European social legislation, which is quite proper and should be there, but given the uncertain economic outlook, I do not believe it is the cleverest thing to do to impose more restrictions on how employers run their businesses. They should work within the existing law, but I do not think we need more legislation because it would push up costs, reduce opportunities for people who genuinely want flexible contracts and, ultimately, cost jobs.

Deputy Carey directed two questions to me about skills shortages and examples of incon-



sistencies in services. Skills shortages are now becoming quite widespread. Even during the recession, we were always hearing about ICT skills shortages. There is a global shortage of ICT talent. We live in a technological age. Across the world, competition for people in that area will continue. However, we are now also seeing skills shortages in areas like construction, hospitality, which has been a problem for quite a while, and retail. It is much more widespread. It is probably a good challenge to have. It is the product of an economic recovery. How do we address that? Dr. Peter Rigney mentioned apprenticeships. It is about aligning the education system and the business sector much more tightly and getting those conversations going.

Deputy Carey asked for examples of inconsistencies in services. I do not want to name the unfortunate Intreo offices or regions. I will tell the Deputy how that is expressed to us or how we see it. Basically, there are people who have been referred to companies from the Intreo service who are still not prepared for the job interview. We have all mentioned guidance and preparation in one shape or form. In terms of their CVs and how they present themselves, it is still not optimal. That is the feedback we have received from some of our companies. That is really important because we are anxious that people go to Intreo first. We all know that in the 1980s FÁS or AnCo was never the first place one would have gone to find an employee. One would have taken other avenues. I am hopeful one of the legacies of this recession will be that we will have a fit for purpose public employment service because we entered it without one, but we need to complete the guidance element. It needs to be joined with the education sector and the counselling element. JobPath is in its infancy, but I urge Deputies and Senators to take the opportunity to visit a JobPath office to see what is happening in it. It is instructive in how those involve prepare people for interviews, something they do very well.

**Chairman:** If members have additional questions, I will take them now.

**Senator Kevin Humphreys:** I accept Mr. Donohoe's comments. On the community employment programme, when we consider what it is measured against, there are two elements. There is a need to redefine what is meant by community employment. My experience of it is that those involved with the programme are finding it difficult to recruit because there are other opportunities available. As the services provided by those involved in community employment schemes in urban and rural areas are starting to decrease, we need to redefine the programme.

I echo Mr. Donohoe's comment. People should go to JobPath offices to see the work being done. It is very easy to take an take a position in opposition. One of the key points about the JobPath programme is that it supports people in work. We need to focus on this because we do not measure the outcome in terms of whether a person found a job and then fell back into unemployment very quickly. We need to support people. For individuals who have been unemployed for three to four years, it is a totally different experience. It is sometimes very difficult for them to deal with the experience, particularly the personal interactions involved. One needs to make a telephone call and ask them if they are having a problem and tell them how they should deal with it. Those who have been long-term unemployed must be supported on their return to employment. That forms part of the JobPath programme.

The Intreo service has been totally transformed over five years, but the focus must be maintained. Just because the numbers are changing does not mean that we should stop considering the additional services Intreo offices could provide and how they could target suitable educational opportunities and so on.

We must also examine the position for people with disabilities. There is a new cohort who are not in receipt of benefits but who want to take up employment. They fall into the group Ms

O'Brien mentioned of those aged 40 years and over who, perhaps due to their partner being in full-time employment, have been left sitting at home. There is no support available to help them to return to employment.

The JobBridge scheme was of its time, as were Tús and Gateway. We should constantly re-evaluate initiatives and make changes. If we assess reasonably the impact of JobBridge - there is a report available on it - and take an unbiased approach to it, a fairly good job has been done. Everybody will not be an IT expert or enter the banking sector. There was, especially in my community, assistance available to help people who might not have worked for a long time to find a job in a deli. When the JobBridge scheme was being set up, there was a tendency to go for the easy option to support those interested in becoming involved in the IT sector, including computer-aided design, CAD, and all such professional areas, to give them experience, but not to give early school-leavers experience in the employment market. That is when all of the parliamentary questions came into play. It is a much more difficult issue with which to deal.

Just because the numbers are improving does not mean that our focus should move from long-term unemployment. One of the delegates did not want to label an area, but in an area in which I was very much involved, at a time when we were talking about reaching full employment, we conducted a survey and found that there was an unemployment rate of more than 50%. There is a need for a cultural change within geographical areas. A few weeks ago I met a number of people who told me that there was peer pressure not to take up employment. That is something we need to break down. Many things are happening beneath the surface. We need to adjust in this regard and take account of people's experience.

A scheme may be set up and may be running, but it has a period or lifetime during which it is useful and targeted. We should be constantly reassessing, improving and introducing what is needed. One area that needs to be targeted is the intergenerational area, whether geographic or family-based. Mr. Donohoe and I referred to it earlier. In any event, I see a growing discrimination against people in their late 40s. Many of those people lost their jobs during the recession. They have been unemployed for five or six years, but they have handsome CVs. A person might take the view that he does not want another person sitting on his shoulder. That can happen and we need to undertake the relevant analysis to find out what is stopping people in their 40s. They have ten, 15 or 20 years more to contribute to society and ten more years to grow. We need to support the long-term unemployed when they go to work. That is true in working with the likes of IBEC, employers and JobPath and Intreo. That is vital work and it needs to be done.

**Deputy Denise Mitchell:** I thank the deputations for their presentations. I apologise for arriving late. I have some brief questions for the INOU. A high number of people in my constituency are facing sanctions from the Department of Social Protection relating to job activation programmes. Have members of the INOU experienced this? What experience have INOU members had of JobPath programmes? The organisation sees what is happening at first hand and may be able to provide some welcome feedback. The presentation from the INOU referred to moving from weekly to monthly welfare payments.

**Ms Bríd O'Brien:** That relates to people going to work.

**Deputy Denise Mitchell:** At present, many people contact us because they have moved to monthly payments and are struggling as a result. They may have no income for the following month. Can Ms O'Brien explain the payment-pending wages scheme? How could the Department promote it in a better way? What is the role of employers? Can they impact on it?

**Chairman:** I thank Deputy Mitchell. Before I go back to the witnesses to respond, I will offer a comment to Mr. Donohoe. He referred to the pensions issue. It comes under a separate module but this committee is engaged on the question. I do not intend to go down that road today but it is a separate block of work that the committee is examining. Mr. Donohoe raised several issues in terms of the age when people finish work, associated pensions and so forth. All of these will be addressed. It is not specific and we may well revert to you in due course on the matter.

Several issues were raised by Senator Humphreys and Deputy Mitchell. Will Ms O'Brien address these first? We will then hear concluding remarks from all our witnesses.

**Ms Bríd O'Brien:** I was asked about sanctions and the feedback we get from people of all ages. In particular, I am mindful that some people may believe they have been directed onto an employment programme or an education and training programme. They may take the view that it is not for them or that it would not be of long-term benefit. In some cases, people take these programmes because they believe that if they do not, then they will be cut. We believe that is altogether negative for the person involved. Moreover, it means that others on the training programme might begin to wonder about it, especially if they are keen to be there. They might question whether it is a good decision. All of this creates a negative environment for everyone.

We believe sanctions should be an absolute last resort. The services need to engage with people as adults, work with them, examine the position people are in and examine what is available and what can be done. Several questions arise. Is it a case of having to develop better skills to find a job? Is it that people need to retrain or up-skill? It is a question of working with people to try to find the best option for them. Sanctions should be in the back of the drawer and only taken out when all else has failed. Again, it goes back to the capacity and wherewithal of staff in offices. Some people will take the approach of engaging with the person, but others will take the approach that they are sending the person to a particular place but he or she will not go. Some of it comes down to the capacity of staff.

Another issue may be how messages from the top have been heard. It struck us when all of the changes were happening that fraud control was put in the driving seat and everything else was put to the back. For the employment service to really work well, the car needs to go one way, but from a fraud control perspective the car needs to go another way. This creates tension for the Department. The Department absorbed the national employment service, and one engages with people very differently when providing such a service than if the starting point is to ask whether someone is entitled to something. There are two different dynamics. We feel if we develop the dynamic of engaging people well some of the issues should be addressed before they arise. This is very important.

We have had a variety of feedback on JobPath. Some people did not welcome being referred to something of which they were not aware and wondered why it happened. There have been instances where a referral happened centrally but somebody had started to do something locally. Tension will arise between local services, including the Department's services, and national referral. In some cases where somebody may have started down the road to something else they have been facilitated to do so, but in other cases this has not arisen. Some people do not appreciate work supports. Where people feel they got the job themselves they are concerned that if the employer is contacted, it will have a negative impact.

Over the years we received feedback from people who stated they did not like how the local social welfare offices used to be, with staff on the other side of the glass, but now some people

do not like the open plan offices of JobPath. It is about people feeling they can opt in. We have raised this with JobPath providers, with regard to providing an option of meeting people in a small room, but we must make sure people are aware of this. People have a fear that somebody else will hear their business. Some of the issues arose because the initial cohort referred seemed to be of a particular age group. We are conscious many of the staff in JobPath seem to be younger and there definitely was an intergenerational prang in some offices. Some people went in the door and wondered how this young person would tell them how to find a job. These are some of the concerns people have raised with us.

People may not be sure how long employment will last, even those who know they will get paid at the end of the month. If all people have is a weekly social welfare payment and they are facing three or four weeks of no income, food still needs to be put on the table. The supplementary welfare system is a mechanism within the system that could be used better. A difficulty arose when the Department absorbed the FÁS employment services and also pulled back into itself the supplementary welfare system. Something that struck us with regard to this system was that often in the past when an initial decision about a payment entitlement was made, we were able to get some income through the supplementary welfare system. Access to this has certainly dropped quite dramatically, as have exceptional needs payment supports. Serious income issues and huge difficulties arise for people who may not fit neatly into a particular box. It is a mechanism that exists but if people are not aware of it, it is hard to find. For a long period of time the system has been run on the premise that if people did not already know something, nobody would tell them. If we are to make all of the changes that have happened work well, the system needs to become more proactive in telling people about the range of supports available. This is a very practical measure that can make a huge difference to people. It may allow them to have some payment for an extended period. It is a small investment, particularly if a person gets a job and stays in it. One month's additional payment could make a huge difference. It is already there in the system but could be used to better effect to help people. Sometimes, there is an element of fear. People might not have worked for a long time. They are going from the security of an income they know - they know how far they can stretch it - to a situation in which they are not fully sure how it will work out. It is a new experience for people. It is a small practical step that could make a big difference for people. The Department is ensuring everybody knows everything, rather than assuming people already know, when many people do not.

**Senator Kevin Humphreys:** It is interesting that Ms O'Brien says that. It is one of the activities that is supposed to link up within the Intreo office. The person the client is interacting with is supposed to know they can receive this payment while they go back into employment, so it is a one stop shop. I fear it is not working. Ensuring it happened was one of the key designs within the Intreo offices.

Regarding the glass, I was in the Department at the time and it took time to convince the staff to take down the barriers. It came from the ground up. Staff said they were facing glass screens when talking to people and asked if we could take down the barriers. One of the best systems I saw was in Scotland, where people sat beside each other, the screen was there, and there was that interaction and exchange of information. It is interesting that Ms O'Brien said some people liked the screen. I know about the individual interview room----

**Ms Bríd O'Brien:** People seem to feel a bit uncomfortable in the very open plan that is in many JobPath offices. There is a sense of lack of privacy. For some people it is an issue, whereas some people hated talking to somebody through a glass screen. People raised privacy issues over the years, given that they felt, at times, that they nearly had to roar to be heard

through the glass.

**Senator Kevin Humphreys:** The other issue people should be aware of is the fact that the JobPath payment is tied to the client's satisfaction rating. If the client's experience is bad, it affects the JobPath payment. Elements of it need to be brought out more. I am worried about the parking of the benefits, given that they used to be advertised on the radio and in the newspapers at key times in the year such as Christmas, informing people that if they took up temporary work it would not affect their social welfare payments. It was a very good awareness programme which helped people back into work. We need to ensure those-----

**Chairman:** Some of those are recommendations we should make in our report.

**Deputy Denise Mitchell:** These are things that should jump out of the website at people.

**Ms Bríd O'Brien:** Yes.

**Senator Kevin Humphreys:** Radio and text campaigns were done on a-----

**Deputy Denise Mitchell:** If someone half hears something and goes to the website to check if they heard it right, they will have a hard time finding it.

**Chairman:** Would the witnesses like to make any concluding remarks?

**Ms Lorraine Mulligan:** Our contribution focused on the issue of "activation into what?" It is set against the background of needing to ensure there is quality employment and attractive work available to people so they feel it is an option. It is a very important other side of the activation debate. We also examined JobBridge. What came out here today was very interesting in the sense that it seems, from the employer survey, that they are equally conscious of the issue of employability and want to ensure people are willing to train people to have those basic skills. People are on the same page regarding the need for those basic skills. Our view is that employers need to step up to the mark in that respect, whereas the emphasis to date has been on a national scheme. Borne out by the comments on the difficulties for those over 40 years in terms of work and employment, the cultural change is often at employment level where employers want to bring in new people and overlook the skills of those in their workforce. There must be a willingness on the part of the employers to engage with their staff.

There is much discussion on the complex intergenerational and geographical issues. One important initiative at European level is the introduction of a child guarantee, which covers the issues raised by Dr. Kara McGann. We should look at how this could be promoted, developed and rolled out in Ireland.

We are all glad that unemployment numbers are falling and the numbers in employment are rising. All the social partners and the NGO sector must work together to find the best way to progress. We would welcome further engagement on that.

**Mr. John Stewart:** We must build on that and it is very important we work collaboratively in the context of job creation and that, in the event that job losses arise from Brexit or other external factors, there is a significant inter-agency approach to working collaboratively. We have come a long way in terms of the reduction in the number of unemployed and the significant increase in the numbers in employment. We should not forget that we lost in excess of 300,000 jobs in the downturn and there were a number of years between 2009 and 2012 where emigration was running in or around 70,000 per annum. These are the facts. In terms of the skills



shortages that Mr. Tony Donohoe referred to earlier, many of the skilled tradespeople opted to look for work overseas and availed of significant opportunities. I hope there will now be opportunities for them to consider returning. There is some evidence that is beginning to happen.

It is important from an unemployed person's perspective that he or she can access the jobs that are being created and that we can maximise opportunities for people to get those jobs. We should not forget as well, and this is a point that Senator Humphreys made, that the problem has not been solved. There is still a need for first-class services and supports for unemployed people. We must remember that as unemployment falls, the people who remain unemployed through no fault of their own will increasingly feel they are unemployed. I would be concerned that there would be a return to the stigma attached to being unemployed. That has not been the case in recent years to the extent that might have existed previously because unemployment and emigration had affected so many families. As the situation improves, people who remain unemployed will begin increasingly to feel the weight of that unemployment on their shoulders. It is for that reason the work of committees such as this one is very important. The committee recommendations are very important. I wish the committee well in its deliberations.

**Chairman:** I thank Mr. Stewart.

**Mr. Tony Donohoe:** I think we have explored the issue in some depth. I thank the committee for the opportunity to do so. If I was to leave one thought, it is that individuals need employment security rather than job security. I think that security is the key as we are in such an uncertain world. Change is driven by technology, globalisation and so on. Notwithstanding what we are seeing in the US and the UK, these are pretty powerful forces that we might put a break on for a while but which will re-establish themselves. The workplace will be changing all the time. One will see the churn, as it were, in jobs. It is around equipping people with the attributes to survive in that uncertain world.

I support Dr. Kara McGann's point that the way to do that is through early intervention. One can trace the quality of the early childhood interventions right up to the propensity for lifelong learning. The type of employment a person will get is geographically based, as the Chairman mentioned. Three of us sit on the Labour Market Council and we are wrestling with the idea of jobless households and how one approaches that. The defining characteristic of jobless households in Ireland is the number of children. Jobless households affect all the many children living in them. That is to support the point made by Ms Mulligan around the early intervention with children.

I am sure members will have picked up from the contributions that it is around the connectedness of services. When agencies answer to different Departments, different motherships, there is always the likelihood of them getting disconnected when dealing with geographic unemployment hotspots and the jobless household phenomenon. The impact of these factors is multifaceted. It is everything from mental health through to education. Many different Departments are involved and that has to be brought together. I suspect it is on a geographic basis. I have seen a project that ran for about ten years. I am not sure if it is still running. It is called the youngballymun strategy, which tried to connect up the services.

**Senator Kevin Humphreys:** The name is still around

**Mr. Tony Donohoe:** I thought that approach was quite sensible. The final point is the engagement with employers. Again, at the risk of repeating myself, my hope is that we will have a public employment service that many of the northern European countries take for granted and

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which would be the first port of call for an employer if he or she is looking to recruit.

**Chairman:** I thank the members and witnesses for their attendance. I thank the witnesses for their presentations. The opening statements will be published on the website. Apart from the statement and their contribution to the discussion, we have other witnesses on this, the committee will compile a report in due course and their contribution will form part of that report. I thank everybody. As there is no further business, we will adjourn.

The joint committee adjourned at 12.10 p.m. until 10 a.m. on Thursday, 9 February 2017.