

Submission on
Employment Action Plan

From: CORI Justice Commission
To: The Department of Enterprise, Trade and Employment
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CORE POLICY OBJECTIVE

The core policy objective in the Employment Action Plan should be: to ensure that all people have access to meaningful work

One of the major achievements of recent years has been the increase in employment and the reduction in unemployment, especially long-term unemployment. In 1991, there were 1,156,000 people employed in Ireland. Today that figure has increased by more than half a million to 1,794,800. Over the same period, the number of people unemployed (measured on an International Labour Office (ILO) basis) had gone from 198,500 to 86,700. In the intervening years, the number unemployed has exceeded 220,000. This transformation is remarkable. It provides new challenges and raises new questions.

The challenge of unemployment

The issue of unemployment remains a challenge and is likely to be more problematic in the year ahead as further job losses appear likely. It is necessary that the government should make provision for this new situation by providing additional resources to prepare and enable unemployed people to access jobs. This should involve providing additional resources to support education and retraining, expanded opportunities for work-place experience and adequate numbers of places on programmes such as Community Employment.

The numbers unemployed

At the outset it is important to outline what the term “unemployment” means. The *Quarterly National Household Survey* (QNHS) unemployment data use the definition of “unemployment” supplied by the ILO. It lists as unemployed only those people who, in the week before the survey, were unemployed *and* available to take up a job *and* had taken specific steps in the preceding four weeks to find employment. Any person who was employed for at least *one hour* is classed as employed. By contrast, the live register includes part-time employees (those who work up to three days a week), seasonal and casual employees entitled to Unemployment Assistance or Benefit.

During early 2001 Irish unemployment reached its lowest level at 3.7% of the labour force. Since then the slowdown in the international and domestic economy has brought about increases in the rates. By August 2001 unemployment, as measured by the QNHS (ILO Basis), stood at a rate of 4.3% (79,500 people). A year later, in August 2002, it had increased by 7,200 people, giving an unemployment rate of 4.6% (see table 13).

Table 13: Labour Force changes 2001–2002			
	June–Aug 2001	June–Aug 2002	Change
Labour Force	1,866,100	1,881,500	+15,400
In Employment	1,786,600	1,794,800	+8,200
Unemployed	79,500	86,700	+7,200
of whom LT Unemployed	22,100	21,800	-300
Unemployment Rate	4.3%	4.6%	+0.3%
LT Unemployment Rate	1.2%	1.2%	0.0%

Source: QNHS November 2002, p4, 14

Note: LT = Long Term

Of the 86,700 people classified as unemployed in 2002, 52,600 were men and 34,100 were women. The corresponding unemployment rates for men and women are 4.8% and 4.3% respectively. Overall some 73,700 of the unemployed are recorded as searching for full-time work, while 12,900 are seeking part-time employment. The latter group is primarily comprised of unemployed females (10,100 women).

A study of the profile of the individuals who became unemployed in the period August 2001 to August 2002 provides some interesting results. The predominant source of the newly unemployed was in the age groups 20-24, 25-34 and 35-44. These age groups saw their unemployment rates increase from 19.4 to 20.8 per cent, 18.6 to 23.0 per cent and from 11.7 per cent to 13.2 per cent respectively. Of these, the major increase in unemployment occurred among males aged 25-34. Given the projections for further increases in unemployment in the years ahead, the fate of any low-skilled individuals who have become unemployed is a concern. Depending on the extent of the economic slowdown, the potential for these individuals to become long-term unemployed must be monitored.

The seasonal volatility of the levels of unemployment among those aged 15-19 is worthy of note. In the year following August 2001 these rates have dropped from 14.2% to 9.0%(Sep-Nov 2001) and returned again to a level of 14.4% by August 2002.

Long-term unemployment

Of the 86,700 people unemployed in August 2002, 64,900 were unemployed for less than one year, while 21,800 were long-term unemployed (more than one year). Long-term unemployment fell by 300 between August 2001 and August 2002. It should be noted that the level of long-term unemployment has consistently reduced since 1988, when it stood at 10.4 per cent, and that the major decline has been since 1996. The 2002 rate is only one-third of that recorded in mid-1998. This is a major decrease in the level of structural unemployment, and illustrates the extent to which Irish unemployment levels are now dominated by frictional factors. However, the return of cyclical unemployment in late 2001 and throughout 2002 underscores the necessity to

maintain a focus on ensuring that the long-term unemployment problem is not allowed to return.

Finally, although regarded as an inferior unemployment measure, the seasonally adjusted live register for January 2003 was 167,000. This figure has increased in the last year by 10,800 people.

The importance of balance

The new situation created by the huge growth in available jobs raises major questions concerning the focus of policy in this area. Should Ireland continue to expend resources to increase further the number of jobs available? Given the problems being experienced in trying to increase the labour supply (by recruiting women, older people and people from abroad), should more emphasis be placed on improving the quality of jobs available, and the education, training and life-long learning capacity of people in the labour force? The latter approach seems more sensible. Similarly, the aforementioned finding that 16.7% of those households living in poverty were headed by an employee (see table 5), underscores the need to broaden the focus away from the sole aim of job-creation.

The need to recognise all work

A major question being raised by the current labour-market situation concerns assumptions underpinning culture and policy making in this area. One such assumption concerns the priority given to paid employment over other forms of work. Most people recognise that a person can work very hard even though he or she does not have a conventional job. Much of the work done in the community and in the voluntary sector fits under this heading. So too does much of the work done in the home. CORI Justice Commission support for the introduction of a basic income system comes, in part, from a belief that all work should be recognised and supported.

The need to recognise voluntary work has been acknowledged in the government's White Paper, *Supporting Voluntary Activity* and by the Taoiseach who has stated that: "voluntary activity forms the very core of all vibrant and

inclusive societies". The recent report of the National Committee on Volunteering entitled *Tipping the Balance* (October 2002) stands as a welcome acknowledgement of this role. The report was prepared to mark the UN International Year of the Volunteer 2001 by representatives of numerous voluntary organisations in Ireland, including CORI's Justice Commission. The Committee divided its work into two parts firstly, promoting activities to celebrate and promote volunteering during 2001 and secondly, studying trends in volunteering and what is needed for the support and recognition of volunteers. Consequently, the report reflects these two aspects with one part giving 'snapshots' of activities funded by the committee and the second giving a reflective report on the state of volunteering in Ireland. The report also contained a series of recommendations to assist in the future development and recognition of voluntary activity throughout Ireland. In the light of the commitment to 'promote social capital' in the new *Programme for Government*, CORI Justice Commission is hopeful that the recommendations of this report will be accepted by government and implemented.

Community employment and the social economy programme

The Government's decision to reduce the number of places available on Community Employment (CE) is a breach of the PPF agreement. That agreement guaranteed that the number of community employment places would not go below 28,000 before 2003. However, the impact of the 2002 cuts was to reduce the number of places to 24,000.

Despite repeated discussions, government persists in reducing the number of places on this programme. The cumulative impact of cuts during 2002 and the 17.16% reduction in funding for CE programmes announced in Budget 2003 will be a reduction of 10,800 places by the end of 2003 (5,800 in 2002 and 5,000 in 2003). If implemented this proposal will reduce the overall number of CE places to less than 20,000 by the end of 2003.

The cuts announced in Budget 2003 will ring-fence those projects focusing on childcare, drugs and healthcare (FAS, 2003). Consequently the impact of the cuts will mean that projects in other areas will be very severely hit. In many cases

the services these projects deliver will be totally eliminated. CE projects located in rural areas are especially vulnerable in this context.

These developments show an extremely shortsighted and irresponsible approach to local communities where these projects were located and to those who are among the most vulnerable in our society. In particular, no provision has been made to ensure that services such as meals-on-wheels, currently being delivered by community and voluntary organisations using CE funding, will be resourced once the CE projects have been eliminated. Furthermore, limited provision has been made to resource those requiring high supports to enable them continue in the positions they have been filling in CE projects. CORI Justice Commission welcomes the recent provision of ten pilot projects. However, there are limited place and the reality remains that vulnerable communities and vulnerable people will both be badly hit as a result of these proposals.

Overall, this is a particularly negative development and can only be seen as an insult to people who are making substantial efforts to be part of the labour force. CORI Justice Commission seriously questions the wisdom of reducing the allocation to active labour market support programmes at a time of growing public concern at developments in this area. We also question the wisdom of the reduction in the employment support services under the Department of Social and Family Affairs at a time when the numbers unemployed are growing.

There are three aspects to the CE programme, of which only the first was originally intended. Community Employment is

- (i) an active labour market programme (ALMP) providing experience and training to people seeking employment in the labour market
- (ii) a programme that plays a major role in providing services in local communities, delivered mostly by organisations in the community and voluntary sectors
- (iii) a programme that provides “sheltered” employment for a number of people.

As the number of places are reduced it is essential that government act to ensure that all three aspects of the CE programme are adequately addressed.

Following the emergence of this issue, CORI Justice Commission met with the Department of the Taoiseach and the Department of Enterprise, Trade and Employment seeking solutions. We proposed that a government rethink on social economy and active labour market programmes was urgently required and should focus on two key issues:

- The need to develop a specific programme to finance the services being provided to local communities by the community and voluntary sector. These services should not be forced to depend on financing being made available only if long-term unemployed people are recruited by the project. Either these services (such as 'meals on wheels') are necessary or they are not. If they are necessary then there should be a specific programme to finance such services.
- The need to go beyond what is already being done to provide an appropriate high-support programme for people who are unemployed to assist them in re-entering paid employment.

We further stated that the number of places on the Community Employment programme should not be reduced until the Labour Market Standing Committee has signed off on the review of active labour market programmes that is under way at present. This Standing Committee includes social partners, government and FAS officials and is chaired by a senior official in the Department of Enterprise, Trade and Employment. Simply, to reduce the number of places is to pre-empt the outcome of the review and the work of the Labour Market Standing Committee.

CORI Justice Commission believes that what is required at this moment is a critical rethink on both the CE and the social economy programmes, not a rushed, unilateral decision by the Department of Enterprise, Trade and Employment that at best is inept and at worst will do serious damage to people

who are long-term unemployed and to local communities who depend on the services being provided by the community and voluntary sector. Simply, the Social Economy Programme needs to be substantially overhauled because it is not addressing many of the issues for which it was originally proposed and developed. Therefore we believe that government should completely overhaul its approach to both the social economy and active labour market programmes.

The current *Programme for Government* acknowledges that CE projects provide support for unemployed people who take up the positions available on the programme but it also acknowledges that these projects provide essential support for services being provided in local communities by the community and voluntary sector. The *Programme for Government* states that the Social Economy programme will ensure these services are adequately supported. Already the government seems to be failing in delivering on this promise. If it is to fulfil it then major changes are urgently needed if services to local communities are not to be seriously damaged and unemployed people are not to be put at even greater risk of exclusion in Irish society.

Women returning to employment

The growth in employment over the last few years has particularly impacted on women. Rates of female labour-force participation continue to rise. Noticeably, many of these female entrants are women returning after having had a family. A report published in September 2002 entitled *Getting out of the House: Women Returning to Employment, Education and Training* presented some important findings concerning the situation of these women.

The report, by Russell et al of the ESRI, found that almost two-thirds of these women returning tended to have low levels of education, some 38% had no qualifications at all. It also showed that 71% of returnees chose to work part time and that overall the level of payment received by these women was below that which they had received before they left the labour force. These women tend to be “downgrading” their expectations of employment with almost 50% of women stating that they possessed the qualifications and skill to perform a more demanding job than that which they had returned to do.

The report suggests that this phenomenon is due to a series of obstacles which returning women face. These include a lack of childcare facilities, in particular after-school childcare, and a lack of flexibility among employers towards the lifestyle demands of these women. A further problem is the lack of information detailing the availability of re-training programmes and entitlements for these women.

Policy innovations are required if this situation is to change. It is clear that opportunities exist for these women and that with some changes these can be made available. To achieve this CORI Justice Commission believes that additional support is necessary to expand the projects currently funded by the Equality for Women Measure. Reforms to childcare facilities and information processes are equally necessary.

Work and the National Anti-Poverty Strategy Review 2002

The NAPS Review 2002 set the following as key targets:

- to eliminate long-term unemployment as soon as circumstances permit but in any event not later than 2007
- to reduce the level of unemployment experienced by vulnerable groups towards the national average by 2007
- to achieve the objectives set out in the National Employment Action Plan to increase employment rates.

CORI Justice Commission welcomed the target to eliminate long-term unemployment and we urge government to make every effort to ensure that this target is achieved no later than 2007. We also welcome the commitment to reduce the level of unemployment experienced by vulnerable groups towards the national average. However, specific targets and indicators are required to ensure that this target is met.

We are very disappointed that the government rejected the proposal to recognise the right to work of asylum seekers. We along with others advocated that where

government fails to meet its own stated objective of processing asylum applications in six months the right to work should be granted to asylum seekers. Clearly recognition of such a right would alleviate poverty and social exclusion among one of Ireland's most vulnerable groups.

Table 1 provides a breakdown for the period 1994-2000 of those below the 60 per cent of median income poverty line (i.e. *incidence* of poverty) classifying them by the labour force status of the head of household. The median income is the income of the middle person in society's income distribution and the 60% of median income poverty line is regarded as being very similar to the 50% of mean (average) income.

Table 1 shows that

- In 2000, **the majority of households in poverty were headed by a person outside the labour force.** When figures for households headed by a retired person, a person who is ill/disabled and a person on home duties' are combined they account for 56.2% of all the households in poverty
- Households headed by a person working full time in the home are the largest single group living in poverty (28.7%)
- Households headed by a retired person make up the next largest group of households living in poverty (17.6%)
- **Households headed by an unemployed person and living in relative income poverty have decreased since 1994 from 41.1% to 9.8% in 2000.**
- **Households headed by a person in employment account for one in every six people living in relative income poverty (16.7%).**

Table 1: Incidence of persons below 60% of median income by labour force status, 1994-2000				
	1994	1997	1998	2000
Employee	8.3	11.7	6.9	16.7
Self-employed	10.1	8.0	8.6	8.9
Farmer	10.6	8.0	10.5	8.2
Unemployed	41.1	29.6	22.6	9.8
Ill / Disabled	6.2	10.4	9.0	9.9
Retired	6.0	9.1	12.2	17.6
Home Duties	17.8	23.3	30.2	28.7
Total All	100.00	100.00	100.00	100.00

Source: Nolan et al (2002: 29)

The *risk* of poverty for each of these categories over the same 1994-2000 period is outlined in table 2.

- It reveals that for every survey since 1994 the overall risk of poverty has increased. In 2000 the overall risk was 22.1%.
- The figures also show that the risk of poverty has increased for four out of the seven classifications between 1998 and 2000. **Households whose head is an employee, self-employed, retired or on home duties have all seen their risk of being exposed to poverty increase.**
- **Since 1994 every household type, except for the unemployed, have seen their risk of being in poverty increase.**
- **Households headed by an unemployed person still experience a high risk of poverty at 50.7%.**
- Households headed by a person who is ill or disabled are the category at greatest risk of living in poverty as much as 54.4% of these households are at risk.
- The risk of poverty for households headed by a retired person grew dramatically between 1994 and 2000 - from 8.2% in 1994 to 33.8% in 2000.

Table 2: Risk of persons below 60% of median income by labour force status, 1994-2000				
	1994	1997	1998	2000
Employee	3.2	4.7	3.0	7.4
Self-employed	16.0	14.4	17.2	20.8
Farmer	18.6	16.7	24.6	24.3
Unemployed	51.4	57.7	58.9	50.7
Ill / Disabled	29.5	52.5	54.5	54.4
Retired	8.2	13.5	19.0	33.8
Home Duties	20.9	32.6	44.6	47.6
All	15.6	18.2	20.0	22.1

Source: Nolan et al (2002: 29)

The working poor

Government ministers have constantly repeated the mantra that a job is the solution to poverty. This mantra is untrue. While those who get jobs that pay good wages will move out of relative income poverty immediately, the situation is very different for many who are in low-paid jobs.

The growth in jobs over recent years has been dramatic and many have benefited from the rapid rise in the number of jobs available. However, it is important to realise that having a job is not, of itself, a guarantee that one lives in a poverty-free household. The data in tables 1 and 2 show that a substantial number of households headed by an employee are at risk of poverty.

The percentage of this group living in relative income poverty stood at 7.4% in 2000. When we look at all those living in relative income poverty (*incidence*), 16.7% live in households headed by a person with a job. This is a remarkable statistic. Action is urgently required to address this problem. The most effective mechanism within the present system would be to make tax credits refundable.

These findings combined with the finding that 56.2% of those households in poverty are headed by a person outside the labour force underscores the message that jobs are not the solution to poverty. The old mantra no longer applies in the majority of cases. Adequate social welfare payments are essential if poverty is to be addressed in any meaningful way.

In conclusion, we outline key policy proposals with regard to work.

Policy Proposals on Work

- **Develop employment-friendly income-tax policies which ensure that no unemployment traps exist. Policies should ease the transition from unemployment to employment.**
- **Place an ongoing emphasis on preparing and enabling unemployed people to access market-place jobs. Such an emphasis would involve**
 - **increased numbers of places providing quality education and training, re-training and up-skilling**
 - **expanded opportunities for unemployed people to gain work-place experience**
 - **adequate numbers of places on programmes such as Community Employment.**
- **Reverse the decision in Budget 2003 to restrict the back-to-work allowance to those who are three years or more unemployed. These programmes should be available to the unemployed after one year.**
- **Maintain a sufficient number of active labour-market programme (ALMP) places available to those who are long-term unemployed.**
- **When ALMPs are mainstreamed, particularly in disadvantaged areas, ensure that sufficient resources are made available to maintain the services that were provided.**

- **Increase the education/training grants for participants on Community Employment, Job Initiative and Rate for the Job programmes, and seek accreditation for all education/training and all work done by participants in these programmes.**
- **Substantially overhaul the Social Economy programme. This step is required because the programme is not addressing many of the issues for which it was originally proposed and developed.**
- **Ensure that there is real and effective monitoring and evaluation of each of the ten high-supports processes at local and national level. This should involve all the key stakeholders including the participants and the community and voluntary sector.**
- **Provide adequate funding to ensure that all those in need of high-supports can access the process.**
- **Seek at all times to ensure that new jobs have reasonable pay rates.**
- **Make tax credits refundable.**
- **Adopt policies to address the obstacles facing women when they return to the labour force. These should focus on care initiatives, employment flexibility and the provision of information and training.**
- **Recognise the right to work of all asylum seekers whose application for asylum is at least six months old (and who are not entitled to take up employment).**
- **Develop a programme providing a “one face, one place” service for refugees and asylum seekers, which would promote the integration of these groups into the labour market.**

- **Recognise work that is not paid employment. Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. This, however, should not be confined to job creation. *Work* and a *job* are not the same thing.**
- **Develop a specific programme to finance the services being provided to local communities by the community and voluntary sector. These services should not be forced to depend on financing being made available only if long-term unemployed people are recruited by the project.**
- **Increase grants to community and voluntary organisations providing services, to reflect national agreements, especially in the area of wages.**
- **Conduct an annual survey to discover the value of all unpaid work in the country (including community and voluntary work and work in the home). Publish the results of this survey as soon as they become available.**
- **The new national programme contains a commitment to supporting volunteering and unpaid work. We urge that this framework be developed and adequately resourced without delay.**
- **Develop a programme to recognise and reward work other than paid employment.**
- **Accept and implement the recommendations contained in the recent report of the National Committee on Volunteering, *Tipping the Balance*.**