

# Employment Monitor



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## Key Points

### On Disability

- People with a disability are only 70 per cent as likely as people without a disability to enter employment;
- 31 per cent of working-age people with a disability are employed, which is less than half the rate (71 per cent) of those without a disability;
- 35 per cent of people with a disability haven't had a job in more than four years, even though more than 80 per cent have been employed at some point in their lives.

### On Employment

- Ireland is 106,600 jobs short of the 2007 peak;
- The CSO's headline unemployment rate for November 2017 was 6.1%, down 0.2% from October and 1.4% from the same time the previous year;
- Ireland is creating approximately 50,000 net jobs per year, on average, with falling levels of part-time employment and increasing full-time jobs;
- While employment is rising in the aftermath of the recession, so too is the instance of precarious employment;
- There has been a dramatic rise in part-time self-employed workers without employees since 2008, possibly indicative of growth in bogus or false self-employment;
- Nearly 160,000 people – or 8% of the workforce in Ireland have – are in precarious employment;
- There has been a 179% increase since 2008 in the number of people who are in temporary employment because they could not find permanent work.

## Recommendations

### On Disability

- Allow people with a disability to retain their Free Travel Pass for five years after taking up employment;
- Raise the Medical Card earnings disregard from its current level of €120 per week for people on Disability Allowance;
- Ensure that eligibility and supports for all employment activation schemes includes people with disabilities;
- Introduce protocols to assure fast track reinstatement of Disability Allowance for those who take up employment, but then have to leave for whatever reason;
- Institute a system of Basic Income, whose increased flexibility would allow people with a disability to take up employment when available without undue risk to living standards.

### On Precarious Employment

- *Social Justice Ireland* welcomes last week's announcement from Minister for Employment and Social Protection Regina Doherty about forthcoming legislation banning zero hours contracts in most circumstances and strengthening rights for workers on insecure contracts and those working variable hours.;
- However, precarious employment is about more than zero-hours contracts and more must be done to combat instances of forced false self-employment;
- The negative effects of precarious and low paid employment would be less in a country with a better system of social provision.

*Social Justice Ireland's Employment Monitor* is a quarterly publication examining Ireland's employment situation, including employment numbers, significant labour market trends, and other aspects of the macroeconomy. The purpose is to highlight selected trends with a focus on the policy goals of increasing employment, providing better working conditions, and creating a more just economic model and a fairer society.

Each quarter we publish a briefing analysing different aspects of the labour market, making observations and recommendations regarding the prevailing situation. In this issue we pay particular attention to the impact that disability has on the area of employment, and also re-visit the issue of precarious employment.

As Ireland continues its impressive rate of job creation, *Social Justice Ireland* looks behind the numbers, highlighting situations and trends that do not receive the same attention as headline numbers and rates.

In recent issues, we have highlighted:

- The extent to which long-term unemployment has increased in Ireland over the years since the financial crisis, and the extent to which it has disproportionately affected older workers;
- The imbalanced nature of job creation in Ireland, and the extent to which certain areas of the country are benefiting more than others from Ireland's economic recovery;
- The distribution of low paid employment throughout the labour force, and the extent to which the National Minimum Wage is so far below what is required to live a socially acceptable standard of living in Ireland;

While long-term unemployment has been falling in recent times, it is high enough that attention must still be paid to it. (Long-term unemployment accounted for 48.7 per cent of total unemployment in Q2 2017 compared with 51.1 per cent a year earlier and 56.1 per

cent in the second quarter of 2015). However, it is an important milestone reached that **after more than six years, long-term unemployment finally accounts for less than half of all unemployment.**

It is, however, particularly worrying that older workers have been most heavily affected by long-term unemployment. Regardless of age, spending a lot of time involuntarily outside the labour force is a cycle that can be difficult to break, and increased long-term unemployment amongst older people raises the possibility that many workers will not be in a position to re-enter employment ever again.

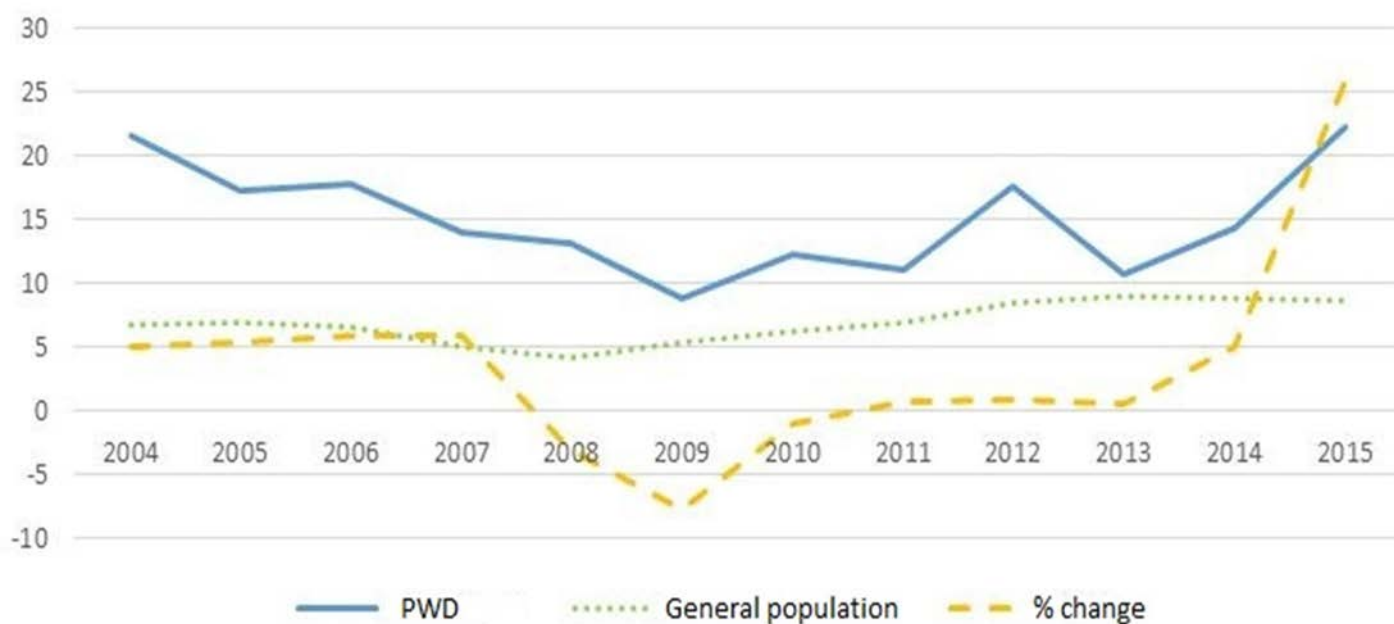
### *Disability and Employment*

Many of the problems that afflict older long-term unemployed people beset people with a disability in the same manner; workers with a disability are among the sectors of the population at greatest risk of higher than average rates of unemployment, as well as being among those most likely to exit employment.

Not coincidentally, they are also one of the sectors of society most likely to be at risk of poverty (see chart, below).

Many people with disabilities are forced to rely on

**Consistent Poverty (%) rates in Ireland, PWD vs general population**



**Note:** The economic crisis, which began in 2008, hit everyone hard. However it was particularly harsh on people with disabilities, many of whom were already surviving on disposable incomes below the poverty threshold. Ireland officially exited recession in September 2013. Four years on, it is an inescapable fact that people with disabilities in our community are in a far weaker position today than when the recession first took hold.

social welfare payments for their income because they face barriers to accessing or retaining a job, or their disability precludes them from employment.

Evidence suggests they have not seen any benefits from Ireland's economic recovery: **Between 2010 and 2015, people with a disability were more likely to exit than enter employment.** For those *without* a disability, the rate of job entry picked up in the recovery period and the rate of exit dropped. However, there was little sign of a recovery for people with a disability by 2015.

**Around 31 per cent of working-age people with a disability are at work. This compares with about 71 per cent of those without a disability** (ESRI, 2017). As well as this, while a significant majority of people (82 per cent) with a disability have worked at some stage in their life (whether currently or in the past), for 35 per cent it has been more than four years since they have worked (ESRI, 2017).

Even after taking account of differences in education, age, gender, marital status, and other personal and family characteristics – as well as how severely the disability affects them in terms of their daily activities – individuals with a disability are only 70 per cent as likely to enter employment. People with an intellectual, psychological/emotional or learning disability have the lowest employment entry rates.

At the other end of things, people with a disability are twice as likely to *exit* employment. (This is reduced to one and a half times when the above factors are taken into account). Exit rates are higher among people with deafness, and learning or psychological/emotional disabilities. They are also slightly higher for people *living with* an adult with a disability, so it is clear that the impact of disability on employment extends beyond the person directly affected.

There are over 640,000 people living in Ireland today with a disability. Four out of five acquired their disability during their working lives and another 56,000 individuals will be diagnosed with a disability this year alone (Disability Federation of Ireland, 2016), so it is in the interests of society as a whole that this issue is addressed properly.

Government policy is to facilitate the employment of people with a disability who want a job. There are an estimated 36,000 people with disabilities who are not in employment but are capable of being (and wish to be) employed. If all people with a disability who wanted to be employed had a job, half of them would

be at work (instead of 31 per cent) and they would constitute nearly 5 per cent of those with a job (ESRI, 2017). However, **without specific interventions, the percentage of people with a disability in employment is unlikely to increase.**

Working age people with a disability have a profile similar to the long-term unemployed, in that they have low levels of education and tend to be older. *Social Justice Ireland* has pointed out several times in recent years the extent to which long-term unemployment, particularly among older workers, is damaging from a number of perspectives:

- The longer people are away from employment, the harder they generally find it to break back in;
- There are significant mental health issues associated with being involuntarily unemployed for a long period of time.
- People are also at greater risk of bad health, and very often there is deterioration of skills and of self-confidence. That all adds up to an erosion of human and social capital over time;
- Long periods out of the workforce expose people and families to serious financial effects, such as poverty and deprivation, home-repossession, and deepening levels of social exclusion.

**The development of labour market skills is as important for people with a disability as it is for those experiencing long-term unemployment.**

In the longer term, efforts to retain people with disabilities in employment for as long as possible will also be important in increasing their employment rate. People with disabilities in employment tend to be better educated than those who are not at work generally. Retaining their human capital, experience and skills is of benefit to society as well as to the individuals themselves and their families.

### **Policy Implications**

Ireland is due to ratify the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) this year. The UNCRPD articulates what human rights mean in the context of disability. It is the first human rights treaty of the 21<sup>st</sup> century and at its core is a commitment to ensure the rights of disabled people to be treated as full and equal citizens.

The Taoiseach, Leo Varadkar, has given a firm commitment to ratify the UNCRPD, but this must to

be accompanied by meaningful financial provision. Ratification on its own will not change the lives of people with disabilities; this must be underpinned by the budgetary resources necessary to begin building a society where people with disabilities have access to the same rights and opportunities as everybody else. These rights include the right to Social Protection (Article 28 of the UN CRPD) and the Right to Work (Article 27).

**Article 28 recognises the right of people with disabilities to have an adequate standard of living for themselves and their families.**

**Currently, Ireland is not meeting these standards:** weekly Disability Allowance is set at €193, which is the same as Jobseekers' Allowance. However, Jobseekers' Allowance is a temporary allowance for someone looking for a job. Many people with disabilities are relying on the Disability Allowance as a long-term payment and find themselves living in consistent poverty. This payment also does not take account of the fact that it costs people with a disability, in most cases, more money to achieve the same basic standard of living as someone without a disability.

**“There are 640,000 people with a disability in Ireland; 4 out of 5 of these acquire their disability whilst of working age. This has the effect of plunging many into poverty.”**

The UNCRPD also recognises, in Article 27, the right of people with disabilities to work “on an equal basis with others”, and requires state parties to uphold and promote this right. To contribute to achieving this standard, *Social Justice Ireland* believes that Government should:

- Allow people with a disability to retain their Free Travel Pass for five years after taking up employment.
- Raise the Medical Card earnings disregard from its current level of €120 per week for people on Disability Allowance.

These recommendations were included in the report *Make Work Pay for People with Disabilities* from the Department of Social Protection (2017). However there was no provision for either in *Budget 2018*.

- Ensure that eligibility and supports for all employment activation schemes includes people with disabilities.
- Introduce protocols to assure fast track reinstatement of Disability Allowance for those who take up employment, but then have to leave.
- Ensure that cross-departmental responsibility for funding Personal Assistant hours in the workplace is clarified, to ensure that people who need PA support can receive it and participate in work.
- Invest in aids, appliances and assistive technologies and an appropriate infrastructure to support people in education training and employment, including the introduction of an assistive technology passport.

Greater flexibility for those with episodic conditions to move in and out of payments, and still work when they can, would greatly improve matters. Indeed, **a system of Basic Income<sup>1</sup>**, which has been proposed by *Social Justice Ireland* for a number of years, **would have the effect of providing the increased flexibility required** – by people with a disability and without – that they may take up employment when available for work and when suitable work is available, without undue risk to living standards during the “in-between” periods that occur between employment and receiving benefits.

### **Other Employment Trends<sup>2</sup>**

The CSO's headline unemployment rate for November 2017 was 6.1 per cent, down 0.2 per cent from October's revised rate and 1.4 per cent from the same time the previous year. According to the CSO's Quarterly National Household Survey, the annual employment change to the end of Q2 2017 was positive for the 19th straight quarter. The size of the year-on-year increase was the lowest in over a year, albeit a very healthy (estimated) 48,100 net jobs created in Ireland in the 12 months ending June 2017.

There were 2.4 per cent more people in employment in Ireland at the end of Q2 2017 than at the same time the previous year. Again, this is notably lower than in previous quarters, but still a healthy rate of jobs growth.

**Unemployment decreased by 46,300 (-24.7%) in the 12 months to end Q2 2017. This is the 20<sup>th</sup>**

<sup>1</sup> See [www.socialjustice.ie](http://www.socialjustice.ie) for more literature and multi-media on the subject of Basic Income, including a proposed framework for instituting the system in Ireland, and a model for how it might be paid for.

<sup>2</sup> Statistics in this section relating to trends in Irish employment are from the CSO (2017b).



### **successive quarter where unemployment has declined on an annual basis.**

The net increase of 48,100 jobs in the last 12 months featured an increase of 77,800 (+5.0%) in full-time employment and a decrease in part-time employment of 29,700 (-6.4%). This reduction in part-time employment, being replaced by full-time, is a very welcome trend. The post-crisis years saw a huge increase in underemployment (where people are working part-time because they cannot get full-time employment) and the current numbers are still significantly higher than those from the end of 2008, though they have fallen significantly since 2012, and continue to fall gradually.

**Approximately 90,000 people are currently working part-time hours, but would take full-time employment if they could find it.** Though these people are not included in official unemployment statistics, they represent a significant block of employment being sought after which is not available.

Official unemployment statistics also disregard the majority of the approximately 67,000 people who are engaged in employment activation schemes.

On a more positive note, the youth unemployment rate (that is the unemployment rate for 15-24 year olds) – while still much higher than that of other age groups – decreased from 19.0 per cent to 16.5 per cent over the year to Q2 2017, while the long-term unemployment rate decreased from 4.4 per cent to 3.1 per cent over the year to Q2 2017.

**Long-term unemployment accounted for 48.7 per cent of total unemployment** in Q2 2017 compared with 51.1 per cent a year earlier and 56.1 per cent in the second quarter of 2015. After more than six years, long-term unemployment finally accounts for less than half of all unemployment.

These trends are important, and are often lost when policymakers focus on headline unemployment rates and jobs growth numbers. So too is the increasing instance of low-paid and precarious employment in Ireland.

### **Low Paid Employment<sup>3</sup>**

In the September 2017 issue of *Employment Monitor*, we discussed instances of low pay in Ireland, particularly minimum wage employment.

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<sup>3</sup> Statistics in this section related to Minimum Wage employment are from the CSO (2017a).

**An average of 10.1 per cent of employees earned the National Minimum Wage (NMW) or less** between Q2 and Q4 2016. This corresponds to approximately 155,000 employees.

One third of all workers within the accommodation and food services industry earned the minimum wage. This is the highest concentration of minimum wage employment in the economy<sup>4</sup>.

Workers in part-time roles are five times as likely as those in full-time roles to be earning the NMW or less.

The statistics from the CSO are unsurprising in some respects; employees who are younger, with lower levels of education, or working part-time in those sectors of the economy known anecdotally to have a high concentration of employees in precarious work are more likely to earn the NMW.

Women are disproportionately more likely to earn the NMW than men. This too is, perhaps, unsurprising although the gap is not huge and is probably more likely due to women's greater propensity to work in part-time employment than any gender-related factors.

While these divergences are interesting, the most significant issue around minimum wage employment is that such **a substantial portion of the Irish labour force earns so far below what is considered sufficient to achieve the minimum socially acceptable standard of living** in Ireland. After the proposed changes in 2018, the NMW will be approximately 81 per cent of the Living Wage.

**A “living wage” is a wage which makes possible a minimum socially acceptable standard of living for a single person working 39 hours per week.** It is based on the principle that employment should provide an income that enables individuals to afford a socially acceptable standard of living; providing for needs, not wants.

The current level of the Living Wage is €11.70 per hour. The NMW, at €9.25 per hour, is just 80 per cent of the Living Wage. This will increase by 30c per hour to €9.55 per hour from January 2018.

The Living Wage is a concept that is tied in with the

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<sup>4</sup> This begs the question of whether the government should be subsidising this industry to the tune of almost €500m per annum with a reduced rate of VAT. It is not wrong to incentivise employment creation using the tax system, but government needs to question whether it makes sense to give such costly incentives to an industry where one third of workers earn on the NMW, while around half earn below the living wage.

social wage; that is the services and consumption that is provided by the state at either a subsidised cost or at no direct cost to the user at the point of access.

This might include subsidised public transport, social housing, subsidised education, affordable or universal free healthcare, and various forms of social protection or welfare payments.

Ireland has a poor track record of provision in most of these areas by comparison to our Western European counterparts. As a result, the Living Wage in Ireland is higher than it might be under a system of greater social provision.

### Precarious Employment

As pointed out in previous issues of *Employment Monitor*, **one of the features of the recovery in employment has been an increase in precarious employment practices by employers.** A report published this month by the Irish Congress of Trade Unions (ICTU, 2017) has asserted that:

- while employment is rising in the aftermath of the recession, so too is the instance of precarious employment;
- nearly 160,000 people – or 8 per cent of the workforce in Ireland – have significant variations in their hours of work, from week to week or month to month;
- over half of that number were in temporary employment because they could not find

permanent work – a 179 per cent increase since 2008;

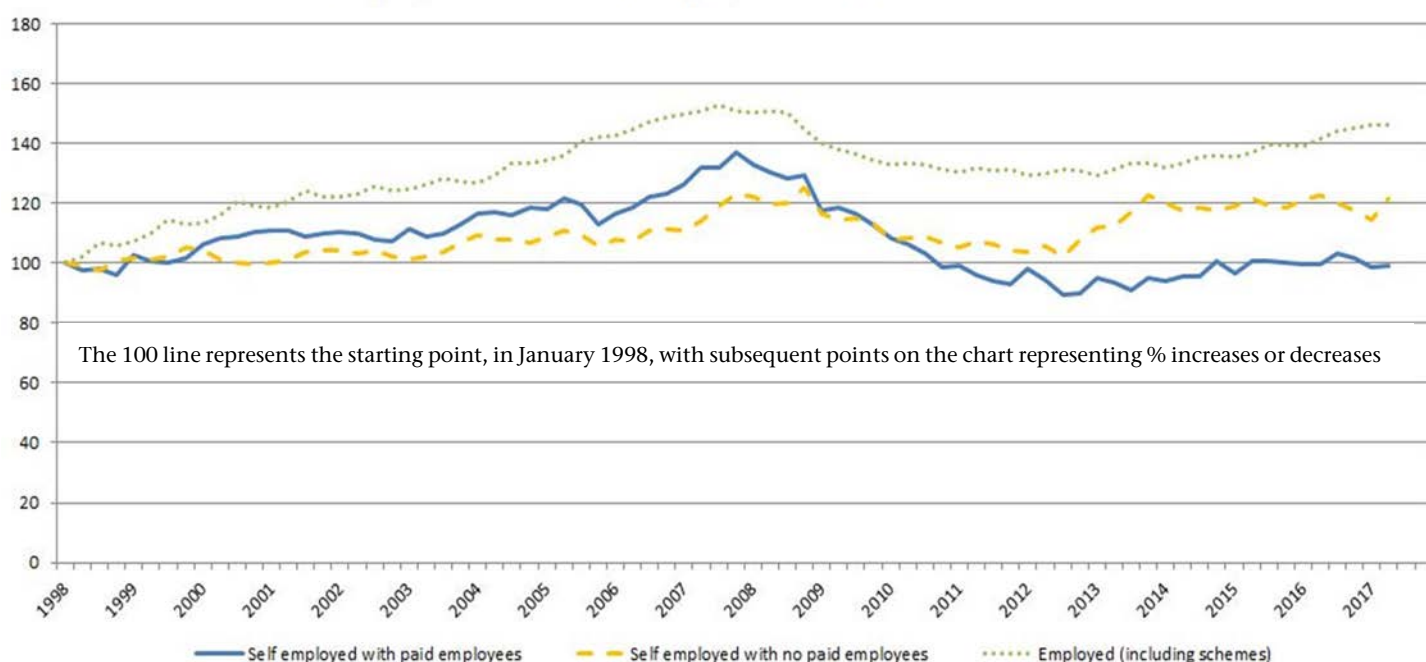
- female and young workers were more likely to be employed on precarious or insecure terms, with workers in the distribution, hotels/catering, retail and construction sectors featuring prominently;
- the growth in involuntary temporary and involuntary part-time employment has been interlinked with the spread of insecurity, with the proportion of the workforce who are seeking permanency and additional working hours rising significantly.

The report also noted that there has been “a dramatic rise” of 34 cent in the category of “part-time, self-employed without employees” since 2008. This is possibly indicative of significant growth in bogus or false self-employment.

The chart below shows trends since 1998 in employment and self-employment, breaking down self-employment into those with or without employees. **At the beginning of the period measured, self-employment represented 19.5 per cent of all employment. By the middle of 2017, it represented just 16 per cent. Solo self-employment has grown from 67.4 per cent of all self-employment to 71.7 per cent.**

The ICTU report defines precarious work as “employment which is insecure, uncertain or

Employment and self-employment in Ireland 1998-2017



unpredictable from the worker's point of view".

Very often, the extent of the negative effects of precarious employment depends less on the work itself than on the support system society provides.



As noted earlier, Ireland has a poor track record of provision in areas like transport, housing, education, and healthcare by comparison to our Western European counterparts. As a result, the negative effects on employees of precarious employment arrangements are greatly exacerbated.

*Social Justice Ireland* agrees with ICTU's assertion **that it is now an urgent necessity for Government to address the problem of precarious work decisively through legislation**, once and for all. Last week, Minister for Employment and Social Protection Regina Doherty announced that new legislation was forthcoming to ban zero hours contracts in most circumstances and strengthen rights for workers on insecure contracts and those working variable hours. *Social Justice Ireland* wholeheartedly welcomes this announcement.

## References

- Central Statistics Office (2017a). *QNHS National Minimum Wage Data*
- Central Statistics Office (2017b). *Quarterly National Household Survey – Quarter 4 2016*
- Department of Social Protection (2017). *Make Work Pay for People with Disabilities*.
- Disability Federation of Ireland (2016). *DFI Pre-Budget Submission 2017 - Make or Break*
- ESRI (2017). *Employment transitions among people with disabilities in Ireland. An Analysis of the Quarterly National Household Survey*
- ICTU (2017). *Insecure and Uncertain: Precarious Work in the Republic of Ireland & Northern Ireland*

## Recent Publications and Research from Social Justice Ireland

**Society Matters** – *Reconnecting People and the State* (November 2017)

**Budget 2018 – Analysis & Critique** (October 2017)

**Fairness in Changing Income Taxes** (October 2017)

**National Social Monitor** (September 2017)

**Budget Choices** – *Budget 2018 Submission* (July 2017)

**A New Social Contract for a New Century** - *Annual Socio-Economic Review* (April 2017)

**Fairness and Tax Reform** – *Policy Briefing* (April 2017)

**Ireland and the Europe 2020 Strategy** – *A Review* (March 2017)

**Sustainable Progress Index 2017** (February 2017)

**Employment Monitor** – Issue 3 (January 2017)

**Europe: The Excluded Suffer while Europe Stagnates** (January 2017)

All of these and many more of our publications are available on our website at [www.socialjustice.ie](http://www.socialjustice.ie) Printed copies can be purchased from the Social Justice Ireland offices.



*Social Justice Ireland* is an independent think-tank and justice advocacy organisation committed to working to build a just society where human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected.

Membership of *Social Justice Ireland* is open to individuals and groups who share these objectives. We are always keen to hear from new members. Full details of what membership entails and how to join can be found at [www.socialjustice.ie/members](http://www.socialjustice.ie/members).

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