



10/19/2016

INOUE

Presentation to Joint Committee on Jobs, Enterprise, and Innovation on the implications of Brexit

Bríd O'Brien
IRISH NATIONAL ORGANISATION OF THE UNEMPLOYED
www.inou.ie

Introduction

On behalf of the Irish National Organisation of the Unemployed (INOUE), I welcome the invite from the Joint Committee on Jobs, Enterprise and Innovation to this meeting *“to discuss the likely economic impact of Brexit with particular emphasis on jobs and enterprise and the steps being taken to mitigate these risks.”*

“The INOUE is a federation of unemployed people, unemployed centres, unemployed groups, community organisations and Trade Unions. The INOUE represents and defends the rights and interests of those who want decent employment and cannot obtain it. We promote and campaign for policies to achieve full employment for all. We also campaign for an acceptable standard of living for unemployed people and their dependents. The INOUE is an anti-sectarian, anti-racist, non-party political organisation which promotes equality of opportunity within society.” (INOUE Mission Statement)

The organisation has over 210 affiliated organisations and 2,100 individual members. We work at the local and national level on issues affecting unemployed people through the provision of training and welfare rights information services; analysis of Government policies and related advocacy work; and working with a wide range of other organisations on issues of common concern.

Current Context

According to the latest Quarterly National Household Survey, Quarter 2 2016, there were 2,014,900 people employed in Ireland: the last time this figure was over 2 million was in the final quarter of 2008. However, there were 154,700 more people in employment at the height of the Celtic Tiger: 2,169,600 in Q3 2007. In Q2 2016 1,553,000 people were employed full-time and 461,900 were employed part-time: representing 77% and 23% of those in employment. This compares to 82% and 18% of people employed in Q3 2007: when 1,779,400 people were employed full-time and 390,200 were employed part-time. Feedback to the INOUE shows an on-going concern about the quality of employment available in local areas. At the INOUE’s Annual Delegate Conference (ADC) in May *“A number of delegates highlighted the need for more jobs. Some delegates noted that this issue is even more acute in rural areas. This was an area where delegates remarked that joined-up thinking was necessary across the State Departments and between the State and Employers.”* *“One of the delegates highlighted the direct role for the State in job provision”.*

In Q2 2016 there were 187,800 people unemployed, of whom 95,900 were unemployed for more than a year. The last time there were less than 100,000 people unemployed for more than a year was in Q3 2009, when there were 80,300 people long-term unemployed. In recent years the Central Statistics Office has published a figure called the *Potential Additional Labour Force (PALF)*, and what this figure captures are people who are not deemed unemployed because they did not answer ‘yes’ to the job seeking and job availability questions. In Q2 2016 there were 39,200 people described as being part of PALF, a figure that has remained over 30,000 since the crisis hit. Behind these statistics are people who have lost heart trying to find work, a challenge noted at the ADC was *“Employers not*

getting back to people when they apply for jobs". For other people there are logistical difficulties that cannot be sorted out until they start work, yet starting work without resolving these difficulties is problematic. Access to affordable childcare and transport are two such issues, and addressing them can be particularly challenging if the work on offer is short-term, piece-meal or uncertain.

Ireland's economic links with the UK

Enterprise Ireland (EI) in their document *'Exporting to the UK: A New Guide for Irish Business Post UK Referendum'* noted on page four that *"In terms of the UK, we have actually seen more client companies diversify and as a result, the proportion of exports to the UK has declined from 45 per cent in 2005 to 37 percent last year."* Even with this diversification in another report, *Information Guide for Irish Exporters to the UK*, Enterprise Ireland note *"In relation to the UK, Enterprise Ireland client exports totalled €7.5bn in 2015 having grown from €4.8bn in 2005. Enterprise Ireland is currently working to support our clients to exceed last year's achievements. The UK remains a key market of opportunity for Irish companies."* (p3) Clearly, the nature of how the United Kingdom exits the European Union will have major implications for how the ambition expressed at the end of that quote is realised, and indeed if it is realisable.

Amongst the ambitions and strategies named in *Enterprise 2025: Ireland's National Enterprise Policy 2015-2025*, launched by the previous Government in November 2015, was *'Driving export-led growth – delivering sustainable employment'* and on page six of the summary report it notes *"For Ireland as a small open economy, sustainable long term growth is dependent on continued success in international markets. Our policy focus is predicated upon growth fuelled by foreign earnings derived from exports in the first instance as distinct from being driven primarily by domestic consumption, which we know is an unsustainable growth model."*

Later on in the document it notes *"An export led strategy is not just about exporters. In addition to generating greater wealth than would be possible through only domestically traded activities, there is a substantial ripple effect in terms of job creation across the entire economy and an increase in technology adoption, innovation, standards and best practice overall."*

Enterprise Ireland make an interesting point in the first document I quoted above, on page twenty they write *"A particularly noticeable feature of Enterprise Ireland client companies post-recession, is that those that continued investing in Research, Development and Innovation (RDI) through the lean years have come through as thriving businesses with above-average employment and export levels."*

Later they note *"Our survey also found that clients who availed of our Innovation supports, had employment levels 25% above average and exports 30% above the average of our client base"* and *"Even more striking, is the finding that companies that got involved in collaboration – often with additional Enterprise Ireland support – had exports ten times the client average and exceeded the average employment level by 35%."*

What these quotes highlight is the importance and the economic value of pro-actively working together in innovative and well-informed ways. Such approaches echo the INOU's calls in our recent submissions to the *Action Plan for Jobs 2017* and *Budget 2017*, for "A properly resourced integrated, inter-departmental and inter-agency approach that ensures the maximum possible number of unemployed people get access to decent jobs" and "The pro-active and timely provision of good information and practical supports to unemployed people on decent job opportunities." The INOU not only sees the economic value of such an approach, but the positive social and personal impact of engaging with unemployed people in a supportive manner and enabling them to make well-informed choices.

Implications for Unemployed People

In their document, the Economic and Social Research Institute '*Scoping the Possible Economic Implications of Brexit on Ireland*', ESRI Research Series No 48, noted on page vii of the Executive Summary "A UK exit from the EU opens up the possibility of restrictions on the free movement of people between Ireland and the UK for the purposes of work. As the UK remains an important destination for Irish emigrants especially at times of high unemployment, such restrictions could have implications for the Irish labour market."

Later on in the document, on page fifty-two they note "Net flows from Ireland to the UK increase when the Irish unemployment rate rises relative to the UK rate. This suggests that the closure of the UK labour market for emigrants from Ireland would tend to put upward pressure on unemployment rates and possibly downward pressure on wage rates if the unemployed competed for jobs in Ireland."

Clearly, the nature of the Brexit that comes to pass will have a major impact on how the employment / unemployment dynamic plays out and so it will be absolutely imperative that, at the very least, the targets contained the *Programme for Government* are realised and these are:

- *Target 200,000 extra jobs by 2020, including 135,000 outside of Dublin*
- *Reduce the unemployment rate to 6%*
- *Facilitate the return of at least 70,000 emigrants*
- *Prioritise balanced regional development, which will allow us to aim for an unemployment rate in each county that is within one percent of the State average by 2020" (p35-36)*

To ensure that social and economic exclusion are not exacerbated, it will also be critical to set specific targets to address structural unemployment, household joblessness and inequalities in the labour market. As one of INOU's individual members noted recently, "Being unemployed, over 50 and in rural Ireland is no joke".

Integrated Services

Building on our call to the *Action Plan for Jobs 2017* and *Budget 2017* it will be imperative to factor in the impact and implications of Brexit in the development of an integrated, inter-departmental and inter-agency approach that ensures that the maximum possible number

of unemployed people gain access to employment. This will require a mapping exercise that identifies the emerging and possible job losses, the potential alternative enterprises and jobs, and the education and training supports that are required to ensure unemployed people of all durations can gain access to these jobs, which must be decent and sustainable.

Elements of an integrated approach would include early engagement with companies that make job announcements with a view to gathering information on the nature of the positions to be filled; clarification on the skills, experience and competencies required to successfully do the jobs; and, the recruitment process to be used for filling the positions. This in turn should inform the work of the local employment services and education and training provision to unemployed people and others of working age.

The recently published *Action Plan for Education 2016-2019* (APE) notes that *“Education and training services support people throughout their lives. They play a huge part in developing their mental resilience and personal wellbeing. They equip people with the ability to adapt, to work with others, to think critically and to be creative. They give people the skills and knowledge to fulfil their personal goals.”* (p2)

At the INOU’s Annual Delegate Conference, delegates called *“for the provision of a full range of education and training supports for unemployed people which recognises diversity and specific needs when accessing training and education.”* The Programme for Government states *“We will support an increase in the number of flexible courses and opportunities available; giving people the opportunity to attend courses part time, during evenings, in the summer and at weekends.”* (p93).

The on-set of Brexit demands well-resourced action on this front and integral to this must be a focus on supporting unemployed people to assess their learning needs and the opportunities to improve their employment prospects. This requires the provision of good quality guidance and information; improved integration and transition between the employment services and education and training supports; pro-active work to get the referrals / matching piece correct; and ensuring all programmes are open to unemployed people. The lack of additional resources in *Budget 2017* is disappointing and troubling in this regard and must be addressed if we are to ensure that Brexit does not reverse Ireland’s recent employment / unemployment trends; and essential if we are to ensure that people who have yet to see the benefits of these improvements start to experience them positively in their own lives.

Thank you for your time and consideration