

IRISH NATIONAL ORGANISATION OF THE UNEMPLOYED



Presentation to the Joint Oireachtas Committee on Jobs, Social Protection and Education on Unemployment and Youth Unemployment

25th April 2012

Introduction & Context

The Irish National Organisation of the Unemployed (INOUE) welcomes this opportunity to address the Joint Oireachtas Committee on Jobs, Social Protection and Education. *"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 depth and extent of the unemployment crisis in Ireland is unprecedented. According to the Quarterly National Household Survey for Quarter 4 2011 302,000 people were unemployed and the unemployment rate was 14.3%. And of this figure 60% or 182,100 people were long-term unemployed. The long-term unemployment rate is now 8.6% - for the same quarter in 2008 it was still only 1.7% in comparison to an overall rate of 7.6%. Of those who are long-term unemployed the 25-44 year old age group are numerically the largest group (56.5%) – these are also the age groups with the biggest debt and mortgage challenges.

Over the past number of months the Live Register figures have fallen however they are falling for a number of reasons: some people are finding work; some people are returning to education and training; some people are emigrating; and others are not making the transition from Jobseekers Benefit to Jobseekers Allowance. According to NESCC *"Of those who are on the LR, loss of entitlement – and not finding work, returning to education or training, or transferring to another welfare scheme – has become the biggest single reason why people are leaving it."*(p. xi)¹ This reality has serious implications for these

¹ Ref: National Economic & Social Council: "Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession" Report no. 123 August 2011

unemployed people's ability to access supports to improve their prospects of returning to work as increasingly access is only feasible through a Jobseekers payment.

This presentation will look at the issues facing unemployed people and the responses required to give them real hope of a meaningful future in Ireland under the three themes that are the responsibility of this Joint Oireachtas Committee: jobs; social protection; and education. The INOU is keenly aware that from an unemployed perspective these three policy areas are interlinked though too often there has been a failure to develop integrated responses. Though some commentators were critical of the lack of focus to the *Action Plan for Jobs 2012* it has usefully brought together a wide range of actions under a variety of Departments, set a time-table for their delivery and identified the lead player for each which is essential if more integrated approaches to addressing challenging issues are to emerge.

Jobs

According to the Quarterly National Household Survey employment peaked in Ireland in Quarter 3 2007 at 2.15m people. In Q4 2011 there were 1.81m people in employment: a drop of 16%. Over that time the labour force has also fallen but not as dramatically, by 6%, to 2.11m people. The rate of employment lost appears to be slowing however Ireland is a long-way off the level of job creation required to replace on-going job losses; to ensure young people leaving education can find employment in Ireland; and support unemployed people to get back to work. In the *Action Plan for Jobs 2012* launched by the Government on the 13th of February, a target was set of having an additional 100,000 people employed by 2016. While welcoming the setting of a target the INOU strongly believes that it is not sufficiently ambitious if Ireland is to seriously address the current unemployment crisis and the subsequent social and personal issues arising.

The INOU would concur with An Taoiseach, Enda Kenny, T.D. when he notes *"The importance of a job is not only about money in the pocket, but it gives a person a sense of dignity and value. People want to work, to contribute to their country, to their community, to their family."* However, the INOU refutes the Government's claim that *"Governments don't create jobs"*. Governments do and at present 1-in-6 people in employment are employed by the State. Many commentators note the numbers of well educated young Irish people emigrating because they cannot find work here: they cannot find work here because the most likely employer, the State itself, is cutting back on its own employment. Instead these, the best educated generation Ireland has ever had, are heading abroad to work for other countries to support the maintenance and development of their economies, their societies and their public services.

In the Programme for Government the creation of a one-stop-shop for enterprise development based in the Local Authorities was flagged. The Action Plan initiates this process with the proposed dissolution of the City and County Enterprise Boards (CEB) and the establishment of Micro Enterprise and Small Business Unit in Enterprise Ireland and a planned new network of Local Enterprise Offices. However, looking at the timetable of actions for 2012 it is unlikely that any of these developments will progress far this year. Self-employment is one important route out of unemployment and it is vital that unemployed people get timely access to proper levels of support. It is therefore important that any of these proposals do not delay the further development of unemployed people's business ideas: in particular their access to the Back to Work Enterprise Allowance administered by the Department of Social Protection (DSP) in conjunction with the CEB.

The INOU currently liaises with employers making job announcements to inform them of the incentives available to them to recruit unemployed people: an information leaflet entitled 'Employer *Incentives to Recruit Unemployed People*' can be downloaded from our website. The INOU therefore welcomes the proposal to "*Simplify and extend the Employer Job (PRSI) Incentive Scheme, which exempts employers from liability to pay their share of PRSI for certain employees. The scheme will be extended to cover the first 18 months of employment*" (1.13 + 3.46) which the Department of Social Protection should action in Quarter 1 2012. We also welcome the proposals to "*Issue to persons who are over one year unemployed a certificate to present to employers of eligibility for Revenue Job Assist.*" (3.45) and to "*Target the increased take-up of support schemes available to employers who take on additional workers, such as Revenue Job Assist and the Employer Job (PRSI) Incentive Scheme, by increasing employers awareness of the schemes through relevant Departments, agencies and business and employer representatives; we will actively monitor the take-up of the schemes and remove any identified obstacles to increased take-up.*" (3.47) To secure good outcomes for unemployed people from these actions it is absolutely critical that the DSP which now incorporates FAS Employment Services improves its links with employers at the local level and encourages them to take on unemployed people. It is equally critical that DSP frontline staff properly inform unemployed people with families of the supports that are available to them to help them get back to work. For example, Revenue Job Assist offers supports tax relief to both the employer and the unemployed person with children.

In Chapter 6 entitled "*Developing Employment Initiatives within the Community*" it is strange that the focus is on SME initiatives in the private sector and not on community based projects. Yet community groups have played a significant role in local development and responding to local needs in a flexible and accessible manner and "*This contribution is critical to maintaining a microeconomy and societal fabric in many rural areas and smaller towns.*" (p64) To that end it is vitally important that in the development of social enterprises, in the development and roll-out of a Community Investment Fund that local community groups are supported to play their part and further develop their work. In particular that community groups are integral to any examination of "*the potential to establish a national Community Investment Fund to support matching co-funding to encourage involvement of all*

sections of society to create employment. Resources would be allocated on a competitive basis with funds given to the best projects. As one to one matching private/community resources would be a condition of this fund, it would directly leverage direct expenditure.” (6.11)

In their report, the Social Enterprise Task Force² noted that *“Social enterprise in Ireland has the potential to grow significantly to represent 5% of GDP and to generate at least 65,000 jobs.”* It is therefore welcome to see the Department of Jobs, Enterprise and Innovation start to take a lead role on social enterprise and in particular that ForFás will report back to the Minister before the end of the year *“on the potential of social enterprise to create jobs. The report will identify the actions required, in funding, procurement, etc, by Government and other relevant bodies and agencies to create jobs in this sector. It will examine potential initiatives in this area (e.g. a Micro-Working Initiative) and will be prepared with particular reference to the European Commission’s Social Business Initiative and associated funding.”* (6.7)

Social Protection

The Department of Social Protection plays a key role in the lives of unemployed people: it decides whether or not an unemployed person has an entitlement to a payment; it has the power to cut or remove that payment if its officials believe that the unemployed person is not genuinely seeking work; and now with the absorption of FAS Employment and Community Services and the Community Welfare Officers it plays a wider social and employment service role than it has in the past. This throws up considerable challenges for the Department as there is a significant difference in relationship and role for a provider whose main focus is income provision (entitlement and control) to one whose role includes activation measures (support and facilitation).

The development and roll-out of the National Employment and Entitlement Service (NEES) is a major development that could have a positive impact on the lives of unemployed people if it is designed and delivered correctly. Therefore it is absolutely critical that at the heart of this service is a culture of enablement: that unemployed people get access to their entitlements in a timely and prompt manner; that they are engaged with professionally and that every effort is made to ensure that they are fully informed of all of their options from work to education to training. This demands of the system a level of integration and information flow that is not yet in place; it demands a level of co-operation and co-ordination both within Social Protection and between it, Education and Skills, Jobs, Enterprise and

² Ref: *“ADDING VALUE DELIVERING CHANGE - The Role of Social Enterprise in National Recovery” Report of the Social Enterprise Task Force, an initiative of Clann Credo and Dublin Employment Pact*
<http://www.dublinpact.ie/new/GSocial%20Enterprise%20Report%20to%20Govt.pdf>

Innovation. This integration and co-operation must happen at all levels of the system – at departmental level, at institutional level and crucially from the unemployed person's perspective between the local Social Welfare Office, the emerging NEES local office or whatever it may be re-named, the Local Education and Training Boards, and relevant Higher Education providers. It is essential that frontline staff are given the necessary resources and supports to ensure that this re-designed service is delivered on: this is one area where timely up-front investment would realise better medium to long-term savings.

The Government's document *Pathways to Work* identifies five strands:

- More regular and on-going engagement with people who are unemployed;
- Greater targeting of activation places and opportunities;
- Incentivising the take-up of opportunities;
- Incentivising employers to provide more jobs for people who are unemployed; and
- Reforming institutions to deliver better services to people who are unemployed.

The document goes on to say that it will ensure that 75,000 people who are long-term unemployed have moved into employment by 2015. At one level such a commitment is to be welcomed however it raises a number of questions. Firstly, given where the Government expects job growth to occur how feasible it is to expect that 75% of the net job growth will be filled by people who are long-term unemployed: this would require a targeted higher education programme on a far greater scale than we have seen to-date. Secondly, the document outlines how it will engage with those who become unemployed and how it will prevent long-term unemployment but we already have a significant long-term unemployment problem and one that is likely to grow unless we get significantly increased job creation. The major challenge facing the Government, and in particular its officials on the ground, is that they do not have enough jobs, training or education places to offer all the unemployed people and other social welfare recipients seeking to participate. To that end the INOU regards all the threatening talk, particularly popular with certain elements of the media, as little more than a red herring to distract from the real issue: the extent and scale of the structural unemployment crisis already facing us and the complete inadequacy of the official responses to-date. On the issue of more regular engagement, this is an issue the INOU has long sought action: unemployed people find it very frustrating to meet with officials to discuss their options, then never hear back from them and by the time they hear about the course they wanted to go on it was too late to get a place.

It is absolutely critical that DSP / NEES develops good relationships with employers and acts as a conduit between unemployed people and potential employers: unemployed people have noted with us 'that when you're out of work it is very hard to hear about jobs as you're out of the loop'. NEES must strive to fill this gap and act as a good information loop.

In response to point (iv), p9 it is important to note that unemployed people are tax payers: most have paid income tax and some for many years; all pay tax through VAT and other expenditure taxes; and many of those who lost their jobs during this crisis feel very badly let down by a system into which they have paid and which has not been there for them at their time of need. This latter group includes those who have not made the transition from JB to JA and those who were self-employed.

On the issue of self-employed people who become unemployed and who require access to supports to provide for themselves and their families and to get back on their feet. The *Action Plan for Jobs* states that the Government will “*Examine the options with regard to extending benefit cover to the self-employed.*” (2.14). It is disappointing to see in the Table of Actions that no action will be taken before Q4 of this year. The INOU believes it is absolutely critical that this issue is resolved and made a submission to the DSP’s Advisory Group on Tax and Social Welfare last November calling for:

- The introduction of a voluntary opt-in scheme for self-employed people so that they can build up their social insurance coverage.
- A variation on PRSI Class A to facilitate self-employed people to make a combined contribution for themselves both as an employer and an employee.
- The immediate improvement in the provision of accurate information at the local level.
- Greater clarity on the terms ‘employment’ and ‘self-employment’ in an increasingly atypical labour market.

On the range of employment programmes that are available to unemployed people we wish to make a number of points. Firstly, Community Employment plays an important role in many communities in the delivery of badly needed services; and in the provision of badly needed job opportunities to long-term unemployed people and others distant from the labour market. However, it is important that better follow-up employment services supports are provided so that participants can use CE as a stepping stone into more sustainable employment. The schemes with the better track records in this regard are those that provide specific training and related employment experience and it is therefore regrettable that the training budget has been curtailed. Secondly, JobBridge which has offered some unemployed people an opportunity to gain invaluable experience and access to employment. However, concerns have been raised with us by well qualified unemployed people who felt potential jobs were being filled through JobBridge and so reducing their chances of getting a decent job. The INOU is also concerned at the number of ‘minimum wage’ type jobs that have been advertised through JobBridge which should not be part of an internship programme. More constructive engagement between DSP and employers should help to address these issues and should aim to improve unemployed people’s access to paid employment.

In the meantime it is absolutely vital that social welfare supports and in particular the basic rate are maintained: so many people are struggling to survive and further impoverishing them serves no purpose other than to demoralise them and make their journey back to work longer.

Education

Given the scale of the unemployment crisis, given the nature of the jobs lost during this crisis, given the skills shortages and emerging skills needs the education and training response to-date has not been on a scale that is so urgently required. One of the immediate challenges of announcing relatively small scale initiatives is the information gap between the announcement at national level and the awareness at local level of the initiative, who is entitled to go on it and how they actually get on it. It is very frustrating for unemployed people to hear about initiatives in the media and then when they try to follow it up they find it hard to get accurate and timely information.

It is absolutely critical that given the diversity of needs amongst unemployed people that a full range of training and education options are made available to them; that there are good and productive links between education and employment services; and that the quality of provision is consistently good and strives to ensure meaningful progression. However it should also be borne in mind that for some people moving along the continuum or progressing to the next level may not be the best option for them: another course at the same level may allow them build up their skills and confidence and secure a better longer-term outcome.

In the *Action Plan for Jobs* it states that *“We will ensure that people in the Irish labour market, particularly those that have lost their jobs, have access to a quality further and higher education and training system that is aligned with and responsive to the needs of enterprise.”* (Introduction to Actions 1.34-1.40) This is absolutely critical otherwise unemployed people’s experiences of being sent on training courses merely to fill a seat will perpetuate which is completely demoralizing for the individual and a complete waste of limited resources. It is also vitally important that unemployed people who are not in receipt of a payment but who would benefit from participation in a relevant education and training course are supported to avail of such an opportunity.

Later on in the document it notes that the necessity for *“Upskilling and conversion actions to increase the domestic supply of high-level skills over the period 2012-2014 including maximising the uptake of Springboard ICT programmes, Job-bridge National Internship Programme, and introducing a Higher Diploma Level 8 Conversion Programme;”* (7.5.1) And how important it is to *“Ensure that labour activation programmes continue to be aimed at enhancing the employability of the unemployed, reskilling, upskilling and keeping redundant workers/unemployed persons close to the labour market and are tailored specific to*

*the needs of this cohort of unemployed.” (7.12.6) The INOU strongly believes that for these developments to produce concrete results for unemployed people then frontline staff must be fully informed of all developments; be aware of the availability of these initiatives in their area and be able to match up the unemployed person with the right opportunity. To that end it is critical that SOLAS and NEES have an excellent working relationship, and that local offices are keenly aware to whom an unemployed person should be referred for the necessary advice and guidance. However, it must be noted that these developments demand a level of knowledge and skill at a systematic level that is currently not apparent and is an issue that must be seriously addressed if unemployed people needs are to be properly met. This is particularly pertinent if the following statement is to ring true: “*This Action Plan will be complemented by the Government’s policy statement, Pathways to Work, which is designed to ensure that as the economy recovers, the unemployed will be in a position to fill the jobs that arise, particularly in emerging sectors.*” (p14)*

It is also critical at this time of austerity and significant change that sight is not lost of the invaluable role played by the discretionary fund that local officials use to cover smaller costs that can act as major barriers to participation. Small discretionary funds that facilitate participation are potentially far more effective activation tools than threatening unemployed people with welfare cuts if they do not participate. There is also a wider issue here for the State. On the one hand Government talks about increased activation of unemployed people and on the other increased fees are introduced or supports are cut which throw up obstacles to people’s participation. Effectively the State’s own actions in one area are undermining its stated objectives in another related area. It is imperative that Ireland starts to think about these issues in terms of investment, investment that if not undertaken properly will impede Ireland’s stated objective of becoming a ‘knowledge based’ economy.

An even more effective activation tool is the design and delivery of quality provision that delivers increased employment opportunities for unemployed people. A critical element to all of this is the incorporation of literacy and numeracy supports that facilitates unemployed people with less formal education to move up through the FETAC levels and so enhance their employment prospects. There are sound economic, as well as personal, arguments for such investment as increased skills levels impact positively on productivity, as does an improved sense of well-being.

Thank you for your time and consideration

For further information contact

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