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INOUE Submission to the National Risk Assessment 2018

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INTRODUCTION

The Irish National Organisation of the Unemployed (INOUE) welcomes this opportunity to make a submission to the *National Risk Assessment 2018*. In the draft *National Risk Assessment 2018: Overview of Strategic Risks* circulated for consultation, respondents were asked to consider three questions in their submissions:

1. Have the correct strategic risks been identified or are there other significant risks that should be included?
2. Should any particular risks be prioritised in light of their significance?
3. Are any of the risks listed not significant enough to warrant inclusion?

In general the INOU feels that the draft document captures the important strategic risks, though the organisation would be concerned that the underlying causes and divergence of experience depending on the individual's / group's / communities' place in society is missing. These concerns are discussed in the section *INOUE Perspective*.

"The INOU is a federation of unemployed people, unemployed centres, unemployed groups, community organisations and Trade Unions. The INOU 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 INOU is an anti-sectarian, anti-racist, non-party political organisation which promotes equality of opportunity within society." (INOUE Mission Statement)

The organisation has over 200 affiliated organisations and 2,000 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

Unemployment / Employment

According to the Monthly Unemployment (MU) figures for May 2018, the unemployment rate was 5.8%, which has brought the MU back to May 2008 levels. Looking at these figures from an age perspective, the unemployment rate for people aged between 25-74 years who were unemployed was 5%. The milestone for that age group will be when their unemployment rate goes under 5%, which it was in May 2008. However, notwithstanding this unemployment rate the INOU is keenly aware that access to the labour market for older unemployed people can be problematic, and that ageism is an issue that requires redress.

In May 2018 the unemployment rate for unemployed people aged between 15-24 years was 11.9%. The last time the youth unemployment rate was less than 12% was in May 2008, when it was 11.6%. The INOU is keenly aware through the work of our affiliated

organisations that there are particular issues facing young people from disadvantaged backgrounds and marginalised communities; and that particular challenges arise because of young people's socio-economic status; ethnicity; ability / disability; sexual orientation; family status that require redress.

As the Central Bank will know the Monthly Unemployment figures are based on the latest Labour Force Survey and changes in the Live Register figures since it was published. The Labour Force Survey (LFS) Quarter 4, 2017 is the most recent survey and according to this survey there were 144,100 people who were unemployed, a decrease of 23,400 over the year, which brought this figure back to Q2 2008 levels. The overall unemployment rate in Q4 2017 was 6.1%, 1.1% less than the same quarter in 2016.

58,100 people were unemployed for more than a year, which brings this number back to Q1 2009 levels. The long-term unemployment rate was 2.5%, down 1.2% on Q4 2016.

Looking at long-term unemployment from an age perspective young people aged 15-24 account for 13.4%; people aged 25-44 account for 49.6%; while those aged 45 years and over account for 37%. Men account for 63.7% of the long-term unemployed, and women account for 36.3%.

The country is divided into eight regions: Border; Midland; West; Dublin; Mid-East; Mid-West; South-East; and South-West. In the Action Plan for Jobs 2018 launched March 9th by Minister Heather Humphries, a stated objective is to *"Ensure the unemployment rate of each region is within 1 percentage point of the State average by 2020."* In Q4 2017, three of the regions had an unemployment rate outside of this range: Midlands at 7.7%; South-East at 7.3%; and the Border at 4.9%.

Looking at the employment figures, according to the LFS Q4, 2017 there were 2,231,000 people employed: an increase of 66,800 on the same quarter in 2016. An additional 90,100 people were in full-time employment, while part-time employment decreased by 23,300. Part-time employment accounts for 20.7% of people in employment, but of that figure, 115,300 described themselves as underemployed. This figure has increased by 15,600 people over the year and represents 5.2% of those in employment.

The Employment Rate was 68.3% in Q4 2017. The age group with the highest employment rate was people aged 35-44 at 80.2%. The group with the lowest rate are those aged 15-19 years, at 19.5%. Of course the majority of this age group are still in the formal education system, however it was also the age group with highest unemployment rate at 20.3%. Action 26 of the APJ 2018 should *"launch the Youth Employment Support Scheme"* which could be helpful in addressing this unemployment rate.

Poverty

According to the Survey of Income and Living Conditions (SILC) for 2016 the 'at risk of poverty' rate for Ireland was 16.5%, down slightly on 2015 when it was 16.9%. A number of

groups had considerably higher ‘at risk of poverty rates’. Three groups had rates greater than 30% and they are people renting at below the market rate or rent free, 34.5%; single adult households aged under 65, 35.7%; and people not at work due to illness or disability, 39.1%. Three groups had rates greater than 40% and they are people parenting alone with children aged under 18, 40.2%; no-one working in the household, 42.1%; and people who are unemployed at 41.9%.

The deprivation rate, which looks at eleven items and whether or not people can afford at least two of them stood at 21% in 2016, down 4.5% on 2015. This figure also captures the challenges facing people who were not at risk of poverty, and during the crisis was as high as 30.5%. Again a number of groups had considerably higher deprivation rates. Two groups had rates greater than 30% and they are other households with children aged under 18, 30.8%; and no-one working in the household, 37.7%. Three groups had rates greater than 40% and they are people who are unemployed, 42.6%; people renting at below the market rate or rent free, 44%; and people not at work due to illness or disability, 46.7%. One group has a deprivation rate greater than 50% and that was people parenting alone with children aged under 18, at 50.1%.

The consistent poverty rate includes people who are defined as being at risk of poverty and experiencing enforced deprivation. In 2016 the consistent poverty rate stood at 8.3%, down 0.4% on the 2015 figure, but a long way off Ireland’s National Social Target for Poverty Reduction. This target worked off a baseline rate of 6.3% in 2010 and aimed to reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020.

Five groups had consistent poverty rates greater than 20% and they are people renting at below the market rate or rent free, 21.8%; no-one working in the household, 24.4%; people parenting alone with children aged under 18, 24.6%; people who are unemployed, 25.2%; and people not at work due to illness or disability at 26.3%.

DRAFT LIST OF STRATEGIC RISKS FOR IRELAND IN 2018

TABLE OF RISKS 2018	
GEOPOLITICAL	Strategic Geopolitical Risks
	Departure of the UK from the EU
	Instability in Northern Ireland
	Future direction and stability of the EU
	Changing distribution of global influence and move away from a rules-based system
	Terrorist incidents and armed conflicts
ECONOMIC	Strategic Economic Risks
	Overheating in the Economy
	Changes to international trading environment
	International Tax changes

	Impact of Brexit on vulnerable sectors of economy
	Reliance on multinational corporations' and sectoral concentration
SOCIAL	Strategic Social Risks
	Human capital and skills needs
	An Ageing Population including pensions and health system challenges
	Expectations for Public Expenditure
	Social cohesion and political stability
	Migration and integration
ENVIRONMENTAL	Strategic Environmental Risks
	Climate Change
	Ensuring an affordable, sustainable and diverse energy supply
	Infrastructure constraints
	Food safety and Animal disease
TECHNOLOGICAL	Supply and Affordability of Housing
	Strategic Technological Risks
	Cybersecurity
	Disruptive technology trends
	Anti-Microbial Resistance
Nuclear contamination	
Impact of Social Media on public debate	

INOUE PERSPECTIVE

The INOU participated in the *National Risk Assessment 2018 Open Policy Debate* held in April this year, on the panel looking at social, environment and technological risks. The organisation drew on the draft list of strategic risks for Ireland in 2018 circulated in advance of this meeting and in particular focused in on:

- Human capital and skills needs
 - Social cohesion and political stability
 - Impact of social media on public debate
 - Supply and Affordability of Housing
- Under **human capital and skills needs** the INOU noted the particular issues facing people with lower skill levels in a context where there is a higher level focus to many courses. The dangers of the concept of *full employment* and the presumption that everyone who wants a job should get one, yet many people remain outside of the labour market. This exclusion can arise from skills mismatches; barriers facing people because of their age, they have a disability, they parent alone, the community they are from; misinformation and

inadequate advice that can leave people making poor decisions that impact on their ability to fully participate.

It is welcome that the draft NRA document notes that *“Risks around human capital and skills needs remain, with this year’s report noting concerns around the static participation rate, as well as the need for the education and training system to ensure it is responding to both current and future skills needs, for both new and existing labour market participants.”* (p11)

In their Country Specific Recommendations to Ireland, published in May this year¹, the European Commission said Ireland should *“Prioritise the upskilling of the adult working-age population, with a focus on digital skills.”* Greater care must be taken to address the educational / learning divide, as the EU in the same document also notes *“The differences between the employment rates of low, medium and highly skilled workers were among the highest in the EU in 2016 and the employment rate of low-skilled labour is 10 pps lower than before the economic crisis. As a consequence and linked to the change in economic activity, skills mismatches and skills shortages are becoming more evident in several areas.”* (para 16, p6) The INOU is concerned that divergent digital skills could exacerbate existing socio-economic inequalities, unless explicit steps are taken to ensure otherwise, leading to those living on the margins of Irish society feeling left behind.

• Under **social cohesion and political stability** the INOU would be particularly concerned about social exclusion and inequality and the cumulative impact of the recession. Community based organisations are struggling to survive, yet they are a critical local infrastructure for many people who do feel part of Ireland’s recovery. Though precarious employment may not be as pervasive as many fear, the reality is that part-time underemployment made up over 5% in Quarter 4, 2017. Feedback the INOU receives from affiliates and individual members highlights the personal and local challenges facing many people where the contracts of employment on offer are far from ideal, and create serious issues of income stability. This in particular raises serious cost of living issues for people, including the impact of car insurance on the ability of young people to participate.

In the draft NRA it notes *“One of the insights that emerged from this year’s Open Policy Debate was around the tendency for longer-term risks to be discounted, for example climate change, funding for pensions, and the provision of critical infrastructure, and the associated risks of such cultural and societal behaviour and norms. It was felt that there is a need for greater awareness and understanding around these risks across both society, and the public sector, in order to motivate short-term actions towards gains which may not be seen until the medium, or longer-term.”* (p8)

¹ Ref: Recommendation for a COUNCIL RECOMMENDATION on the 2018 National Reform Programme of Ireland and delivering a Council opinion on the 2018 Stability Programme of Ireland, COM(2018) 407 final

There is also a danger that because some risks are more ‘contained’ than others, that they are not taken as seriously, because the costs and implications of inadequate action are borne predominated by those less well-off and the less influential. Issues like social exclusion, poverty and inequality are such risks. It is welcome that the report notes *“Inequality, particularly in relation to income, remains a concern in this year’s report. The link between income inequality and the rise of populism and erosion of public trust remains relevant.”* (p11) This is an issue that must be adequately addressed, in particular access to decent and sustainable employment; and proper social welfare supports that facilitate people to achieve a minimum essential standard of living across the life cycle.

- Under the **impact of social media on public debate** the INOU would be more concerned with the lack of access to social media on the ability of people to participate, be it in sourcing information, applying for jobs, or engaging with the state. There is an increasing expectation of people to engage with the state through ICT, which some people welcome as it gives them a greater sense of control and can make services and supports more accessible. However, for other people who are not as comfortable using on-line facilities etc. or may not have the resources to do so, there can be an increased sense of isolation and exclusion.

INOUE affiliates have also raised serious concerns about the unequal impact of AI / digital developments on employment, and its capacity to exacerbate existing and structural inequalities. In the *Global Risks Report 2018* they noted when respondents were asked to highlight the most closely interconnected risks, the most frequently cited pairing was *“adverse consequences of technological advances”* and *“high structural unemployment or underemployment”*. (p9) In the draft NRA notes how *“The risk of job loss through automation continues to feature as a disruptive technology trend. This risk intersects with the Human Capital and Skills Needs risk under the Social category, in that significant re-skilling will be required to adapt to technological changes and take advantage of new job opportunities that arise, with related capacity and forward-planning demands for the education and training systems.”* (p13)

- Under the **supply and affordability of housing** the INOU is keenly aware of what a critical and urgent issue this is from the personal, social and economic perspectives; and now these three aspects are interacting in an increasing negative way. As the draft NRA notes *“Housing continues to present a significant challenge for Ireland, both in terms of meeting the current demand, as well as a growing concern around the affordability of housing, in particular in urban areas. This risk also has social risks, as well as economic implications for Ireland’s competitiveness and ability to attract foreign direct investment (FDI).”* (p12)

On page 50 of the draft document it states *“This has impacted the country socially and economically; through challenges to the provision of social housing, an increase in*

homelessness, and constraining competitiveness. This constraint on competitiveness especially affects Ireland's ability to continue to attract Foreign Direct Investment (FDI), as availability of housing is a key concern for MNCs considering locating here." And further on in the document it notes "There is now a growing risk around the issue of affordability as, even as supply increases, affordability issues persist." This widespread issue of affordability is creating additional difficulties for people experiencing inequality and social exclusion, and it is imperative that this issue is addressed with the principles of human rights, equality, social inclusion and sustainability at its heart. As the report notes "Housing supply is essential for societal well-being and economic growth." (p51)

- ◀ In terms of economic risks, the INOU would be particularly concerned about the **impact of Brexit on vulnerable sectors of economy** and the people working within these sectors. For the INOU this issue leads back to **human capital and skills needs** issues raised on page 4. On page 17 of the draft NRA, it notes "While the Irish Government will continue to do all in its power on both a domestic and European front to work for a Brexit agreement in line with Irish interests, the risks to our level, interests, our trade, our economy at both the macro and micro and our relationship with Northern Ireland, and the UK which could emerge from potential Brexits are manifold and significant, and it is likely that Brexit will remain one of the most significant risks facing this country over the coming years." In the document there is a footnote within this quote which says "For example, rising cost of living for individual consumers as highlighted by the ESRI in March 2018". This potential implication of Brexit could have a very serious impact on the less well off in Irish society, people who struggle to make ends meet from one week to the next.

The rural dimensions to this issue are also highlighted in the draft NRA, when it notes "The OECD estimates that a 'Hard Brexit' with trade governed by WTO rules could reduce food exports by 20% in some sectors such as agriculture and food." (p29) And "The study also notes the regional spread of these sectors is more concentrated in rural regions which have had a comparatively slower post-crisis recovery than the Dublin region." (p29) INOU affiliates have also raised concerns about enterprise and tax policies in the USA and their impact on FDI in their areas, and the potential loss of a big employer.

Under the theme of **social cohesion and political stability** the draft NRA notes "Eurofound, OECD, ILO, NESC and the ESRI have all commented on the fact that the key route out of social exclusion is support for individuals to be in work, and that enhanced training and education can be beneficial in achieving this." (p40) INOU affiliates have raised concerns about people in their area engaging in lifelong learning and feeling there is little reward as the only work available is in and around the National Minimum Wage. This has arisen in discussions about the challenges of replacing good quality employment with equally good employment, and affiliated organisations concerns that international developments could exacerbate this problem in smaller urban and rural areas.