



8/2/2019

# INOUE Submission to Low Pay Commission Consultation Process 2019

Bríd O'Brien  
IRISH NATIONAL ORGANISATION OF THE UNEMPLOYED  
[policy@inou.ie](mailto:policy@inou.ie)

## INTRODUCTION

The Irish National Organisation of the Unemployed (INOUE) welcomes this opportunity to make a submission to Low Paid Commission (LPC) in 2019. Access to decent employment is critical for people who are unemployed, it facilitates their ability to achieve economic independence and participate more fully in Irish society.

*“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 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.

## CONTEXT

In November, 2018 the Central Statistics Office published the Labour Force Survey (LFS) for Quarter 3, 2018. According to this survey there were 2,273,200 people employed, an increase of 66,700 on the same quarter in 2017. An additional 44,200 people were in full-time employment, and 22,500 people in part-time employment. Part-time employment accounts for 20% of people in employment. 111,500 people who are working part-time described themselves as underemployed i.e. they working less hours than they would like, and they represent 4.9% of those in employment.

There were 143,800 people who were unemployed, a decrease of 19,700 over the year. The overall *unemployment rate* in Q3 2018 was 6%, 0.9% lower than the same quarter in 2017. Looking at this rate from a gender perspective, the female unemployment rate was 6.1%, and the male rate was 5.9%, the first time the female rate was higher since Q3 2007. Young women, aged 15-19 years, had the highest unemployment rate at 25.9% in Q3 2018, while women aged 65+ has the lowest rate at 0.5%.

The country has been divided into eight regions: Border; West; Mid-West; South-East; South-West; Dublin; Mid-East; and Midland. Four regions had unemployment rates higher than the State’s rate of 6%: the West at 6.6%; the Mid-West at 7.2%; the South-East at 8.6%; and the Midlands at 7.1%.

The *participation rate*, which is arrived at by dividing the Labour Force by the total population aged 15+ years, stood at 62.6%. This rate was lower in the four regions with a higher unemployment rate. Three regions had a higher participation rate and they were the South-West at 62.9%; the Mid-East at 63%; and Dublin at 66.1%. These three regions also had lower unemployment rates: 4.9%; 5.8% and 5.3% respectively. The Border region was the only one with both lower participation and unemployment rates: 59.3% and 5.1% respectively.

Earlier in November, 2018 the Central Statistics Office published *Labour Force Survey Households and Family Units Quarter 2 2012 – Quarter 2 2018*. In Quarter 2 2012, the proportion of all persons aged between 0 and 59 living in *jobless households* stood at 17%. By Q2 2018 this figure had fallen by 6.8% to 10.2%. Looking at this figure from an age perspective: 20.1% of young people, aged 0-17 years, were

living in jobless households in 2012. This figure had fallen to 11.8% Q2 2018. The comparative figures for people aged 18-59 years are lower: falling from 15.7% in Q2 2012 to 9.5% in Q2 2018.

Looking at the *participation rate*, in Q2 2018 for all persons it was 62.3%, only 0.4% higher than in the same quarter in 2012. The participation rate for adult members of couples without children was 52.2%, down 0.6% on Q2 2012; while for adult members of couples with children it was 78.6% in Q2 2018, up 3.6% on Q2 2012. In Q2 2018 the participation rate for lone parents was higher than the couples without children but lower than the couples with children at 62.1%. In Q2 2012 the participation rate for lone parents stood at 53.3%.

## ISSUES OF CONCERN

The INOU receives feedback from individual members and affiliates about the difficulties in securing access to decent employment. Amongst the issues raised are:

- uncertainty of hours;
- accessible and affordable transport to get to / from work;
- childcare and other caring costs;
- skills and experience mismatch with available employment;
- access to good information; and
- the particular challenges facing women; people living in / from particular communities and minority groups; people with disability; and older people.

## NATIONAL MINIMUM WAGE

The National Minimum Wage in 2019 will be €9.80 per hour for ‘an experienced adult worker’. The NMW will be €6.86 for someone aged under 18 years; €7.84 for someone aged over 18 for the first year from the date of their first employment; and €8.82 for someone aged over 18 for the second year from date of their first employment.

The reduced rates for young people aged 18-20 years are questionable, and send a negative message to young people about their contribution to the world of work. In 2017 the Central Statistics Office published a special Quarterly National Household Survey on the National Minimum Wage (NMW)<sup>1</sup>. Over the three quarters examined in 2016, 10.1% of those in employment were earning the NMW or less. A very striking feature of this study was the age profile of the proportion of employees reporting earning NMW or less: the overall figure was 10.1%, but for people aged 15-24 it was 41.5%. Now many people in this age group will be students hopeful of acquiring much better employment when their studies are complete. But for others, the prospects of moving on into a decent job are far more challenging and potentially unattainable. The reality is that those with a higher educational attainment tend to be the people who pursue life-long learning opportunities and often working in sectors where this is expected and supported. But, for others they are facing a cycle of uncertain and low paid work and inadequate welfare.

In SOLAS 2018 FET Services Plan<sup>2</sup> they note “*There are approximately 200,000 workers in the Republic of Ireland or around 10 percent of the workforce employed in low skilled elementary jobs. Individuals*

---

<sup>1</sup> Further information available at [www.cso.ie/en/releasesandpublications/er/q-nmw/qnhs-nationalminimumwageseriesq42016/](http://www.cso.ie/en/releasesandpublications/er/q-nmw/qnhs-nationalminimumwageseriesq42016/)

<sup>2</sup> Available at <http://www.solas.ie/SolasPdfLibrary/Final%20Version.pdf>

*with a low level of skills find it more difficult to secure and sustain employment and are often at risk of poverty and deprivation, more likely to be in receipt of supplementary social supports and can often fall into the category of the 'working-poor'." (p14)*

In DPER's Social Impact Assessment 2018 on the National Minimum Wage<sup>3</sup> they note *"Data from OECD countries shows that younger workers, those with lower levels of education and those on temporary contracts are more likely to earn the minimum wage (OECD, 2015)." (p20)*

Later on in their paper DPER reference the ESRI paper *"A Study of Minimum Wage Employment in Ireland: the role of worker, household and job characteristics"* published in 2017 and funded by the Low Pay Commission. DPER notes that *"The paper finds that while females were over twice as likely to be earning the NMW compared to males, a significant element of this can be explained by the type of job undertaken and the type of occupation or sector. The higher number of young people earning the NMW can be explained by lower levels of experience and the type of employment undertaken."* (p21)

## **WELFARE TO WORK**

There are demonstrable social and economic benefits for an individual in returning to work / being in work when compared to longer-term reliance on basic income through the social welfare system. Yet, through our work we have identified that progression from welfare to work is dependent on a number of factors, not solely the monetary 'value' of employment in itself. Key amongst these issues are the provision of information and support services at 'milestone' moments in the person's life and in their progression process.

This is a particularly relevant consideration when dealing with those who have been distanced from the labour market for a period of time due to job loss, redundancy, disability / illness, childcare or caring responsibilities and where reliance on secondary benefits and other social welfare payment related supports constitute a core integral part of their day-to-day subsistence for themselves, and any dependant partner or children.

It has been established that a number of significant societal / workplace barriers exist for individuals in progressing from welfare to work including age, educational attainment, the duration of absence from the labour market, experience, or lack thereof, and their perceived status while in receipt of any social welfare payment.

Equally, the fear of loss of established and relied upon benefits and supports experienced by social welfare recipients, particularly those in receipt of longer-term payments, cannot be underestimated in any critical assessment of the barriers facing longer-term social welfare recipients in their capacity and ability to assess or evaluate any intrinsic true 'value of work' from a non-welfare perspective.

Effectively, for welfare recipients, the practical value, and the perceived value, of supports and secondary benefits held by an individual, including Rent Supplement / Housing Assistance Payment, medical card, Back To School Clothing And Footwear Allowance (BTSCFA) and access to limited financial supports through the Supplementary Welfare Allowance (SWA) scheme, can influence any assessment of the 'true' value of engaging in employment – both positively or negatively.

---

<sup>3</sup> Available at <https://igees.gov.ie/wp-content/uploads/2018/10/SIA-National-Minimum-Wage.pdf>

The *Welfare to Work Information Service* in the INOU engages with and supports both jobseekers in receipt of jobseekers payments and other people who self-identify as unemployed. The latter group may be in receipt of other social welfare payments including: one parent family payment; disability allowance / illness benefit / invalidity pension; carers' allowance; and are seeking to make the progression from welfare into / back to work.

Through the Department of Employment Affairs and Social Protection the following supports are available to unemployed people to make the progression from welfare to work:

- Daily disregard - provision of a daily disregard of €20 per day from employment prior to the application of a means test for a jobseekers payment;
- Supplementary Welfare Allowance (SWA) – payment pending wages, financial support where a delay in payment of wages can occur in getting paid when taking up employment;
- Part-time Job Incentive Scheme (PTJI);
- Back to Work Family Dividend – retention of child payment for up to 2 years;
- JobsPlus (an employer incentive to recruit longer-term jobseekers);
- Back to Work Enterprise Allowance – engaging in self-employment;
- Medical Card – retention for up to 3 years taking up full-time / part-time employment;
- Rent Supplement – disregards for income above the social welfare rate of payment;
- Housing Assistance Payment (HAP) – assessment of income based on the local authority Differential Rent model;
- Working Family Payment (formerly Family Income Supplement FIS).

As part of its engagement with the Department of Employment Affairs and Social Protection the INOU has consistently identified the provision of information, and individual information / advocacy services, as a key element in supporting individual progression from welfare to work.

The INOU proactively supports the position that a consistent, coordinated and coherent information support strategy must be engaged with by all stakeholders involved directly and indirectly in the provision of both information and service supports to jobseekers.

The INOU provides such by means of its website, e-bulletin, JobsWatch service, Welfare to Work information service and the production of our publication *Working for Work*<sup>4</sup>.

The INOU would strongly contend that access to information and access to the services and supports to apply these supports on an individual one-to-one basis, remains a key consideration and requirement in enabling jobseekers to make the progression from welfare to work.

To address these issues the INOU recommends:

- Greater ongoing publicity and promotion of the range of services and supports available to jobseekers / welfare recipients in returning to work in all DEASP Offices by means of leaflets and material displayed in offices, promotion on the welfare.ie website, promotion on the Citizens Information website, media and print campaign and the use of social media;
- A more coordinated and cohesive client engagement strategy focused on ensuring a seamless provision of services and supports through information and referral to other service providers

---

<sup>4</sup> Available at [https://www.inou.ie/download/pdf/working\\_for\\_work\\_2018\\_pdf\\_version.pdf](https://www.inou.ie/download/pdf/working_for_work_2018_pdf_version.pdf)

at all points of contact i.e. direct referral from DEASP to Citizens Information for additional support / information on related issues etc.;

- The development of clear ‘pre-exit’ engagement where a person is leaving a jobseekers / welfare payment to take up employment, ensuring that they receive tailored information relevant to their particular circumstances i.e. JobsPlus, Working Family Payment, Back to Work Family Dividend and information on retention of Medical Card and impact on rent supplement / Housing Assistance Payment.

## CONCLUSION

In ‘A Programme for a Partnership Government’ there is a commitment to “*Increase the minimum wage to €10.50/hour by 2021*” (p135). Given that the Living Wage for Ireland in 2018 was estimated as €11.90 per hour<sup>5</sup>, it is absolutely critical that the Government target is not only met, but that a more ambitious target is set and achieved.

Household Type / Payment Type	FIS Income limits	NMW @ 19 hours	Net Wage	FIS supports	Total Income	Living Wage @ 19 hours	Net Wage	FIS supports	Total Income
Single	-	186.2	185.07	-	185.07	226.10	224.97	-	224.97
Couple no kids	-	186.2	185.07	-	185.07	226.10	224.97	-	224.97
Couple with one child	521	186.2	185.07	201.56	386.63	226.10	224.97	177.62	402.59
Couple with two children	622	186.2	185.07	262.16	447.23	226.10	224.97	238.22	463.19
Couple with three children	723	186.2	185.07	322.76	507.83	226.10	224.97	298.82	523.79
Couple with four children	834	186.2	185.07	389.36	574.43	226.10	224.97	365.42	590.39
Couple with five children	960	186.2	185.07	464.96	650.03	226.10	224.97	441.02	665.99
Couple with six children	1076	186.2	185.07	534.56	719.63	226.10	224.97	510.62	735.59
Couple with seven children	1212	186.2	185.07	616.16	801.23	226.10	224.97	592.22	817.19
Couple with eight children	1308	186.2	185.07	673.76	858.83	226.10	224.97	649.82	874.79

<sup>5</sup> Further information available at [www.livingwage.ie](http://www.livingwage.ie)