

LABOUR MARKET NOTES

IRISH CONGRESS OF TRADE UNIONS

ISSUE 3, JUNE 2016

Welcome

To the third issue of *Labour Market Notes*, which provides regular updates on key labour market developments at the European and domestic level. If you want to receive each issue of *LMN* or have any other observations, contact us at: info@ictu.ie (please mark it 'for attention of *LMN*').

Earnings

CSO Earnings Snapshot

Preliminary estimates show that **average weekly earnings were €707.99** in Q1, 2016, a rise of 1.1% from a year earlier. Revised average weekly earnings were €710.16 in Q4, 2015 and showed an increase of 1.1% over the same period in 2014.



Other features of the preliminary results for Q1, 2016 include:

Average hourly earnings were €22.40 in Q1, 2016, an increase of 0.7% over the year. Average weekly paid hours were €31.6 in Q1, 2016, a 0.3% increase on those recorded in Q1, 2015.

Across the economic sectors **average weekly earnings increased in 8 of the 13 sectors** in the year to Q1, 2016. The largest percentage increase was recorded in the Financial, insurance & Real Estate sector, rising by 6.9% to €1,161.75. The Public

Administration & Defence sector experienced the largest percentage sectoral decrease falling 3.8% to €894.88. However, this fall is due to the temporary recruitment of Census 2016 field staff who had lower than average weekly paid hours.

Average weekly earnings in the private sector showed an increase of 2.2% to €654.11, in the year to Q1, 2016. The public sector (including semi-states) saw average weekly earnings decrease by 1.2% to €895.58 in the same period. Excluding Census field staff **public sector average weekly earnings decreased** by 0.1% to €905.96.

Weekly Earnings by Sector

The average for weekly earnings across all sectors was €707.99. The highest was to be found in Financial, Insurance & Real Estate at €1161.75. The lowest weekly earnings were to be found in Accommodation & Food Services, at €312.15.



Not surprisingly, the Financial, Insurance & Real Estate sector saw the **highest annual earnings growth** with a rate of 6.9%.

The sector that experienced the **lowest growth** and actually saw a decrease was Transportation & Storage, where weekly earnings fell by 1.7%, in the same period.

In fact **weekly earnings declined in five of the thirteen sectors** : Transport & Distribution, Accommodation & Food Services, Construction, Wholesale & Retail Trade, Education, Public Administration & Defence (although figures here are distorted by the presence of large numbers of temporary census staff in statistics).

Commentary on the data from the financial sector - their very restricted view of 'competitiveness' aside - is instructive on how wage trends are viewed:

Goodbody Stockbrokers observed that: *"With the Irish labour market tightening at a pretty fast pace, there are some concerns that upward wage pressures will undermine the hard won competitiveness gains of recent years. The latest data on earnings, however, suggests that this concern may be overblown."*

The **Davy Group** commented: “The latest earnings and labour costs release shows another modest gain in average wages in Q1, up 1.1% on the year, an identical gain to Q4 2015. Private sector wage growth offset a decline in the public sector, but public sector jobs growth surpassed the private sector for the first time in five years. Combined with recent employment data, these positive wage figures suggest that the recovery in consumer spending should be sustained in 2016. However, wage growth remains muted overall, reflecting ample spare capacity in the economy at present.”

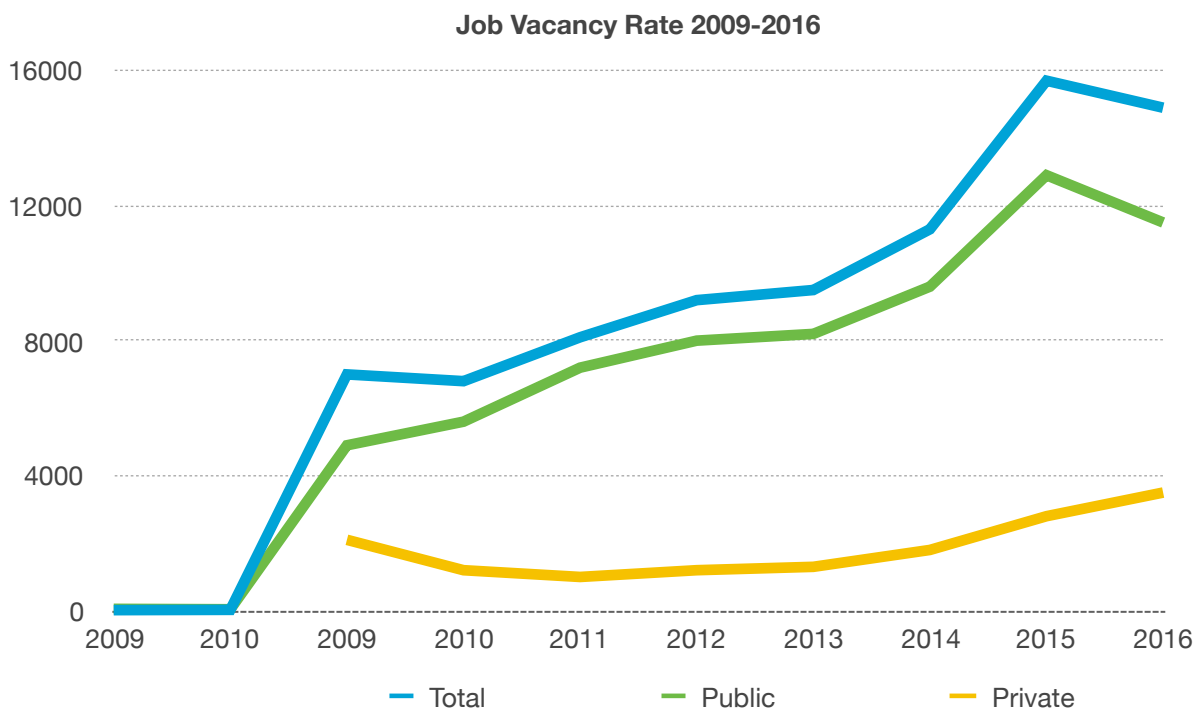
The CSO survey also contains up to date information on vacancy rates and shows a decline in the number of vacancies between Q1, 2015 and Q1, 2016. It is noteworthy that the number of public sector vacancies is slowly rising.

Labour Force

Unemployment: Behind the Headlines

What type of work are unemployed people looking for?

Most unemployed males are seeking full time work – around 97% according to the QNHS. This proportion has remained stable since 2014. A lower percentage of women is seeking full time work – 76% of claimants in Q1, 2016.



Unemployment is falling – *but at different rates for different categories*. Between Q1, 2014 and Q1, 2016, the fastest rate of decline was among those unemployed for more than a year, where the fall was 36%.

The potential additional labour force experienced a fall of 33% (from 46,000 to 37,000) in the same period. This group consists of those who have given up seeking work or those not on a payment because a means test disqualifies them.

Part time workers who were underemployed fell by 30%, while short term unemployment experienced the lowest drop at 28%.

This shows that for every new full time job arising there are (at least) four different categories of workers seeking to fill it.

Why Three Measures of Unemployment?

There are three measures of unemployment, two monthly and one quarterly.

Firstly there is the [Live Register](#). This is released on the first Thursday of the month. It includes part-time workers employed up to three days a week, along with seasonal and casual workers entitled to Jobseeker's Benefit or Allowance. There were 64,383 casual and part-time workers on the Live Register in April 2016, which represents 21.1% of the total Live Register, compared to 20.4% one year earlier.

The register also records in an appendix the approximately 80,000 people on schemes such as Back to Education or Community Employment. However they are *not* counted as live register participants.

The [Quarterly National Household Survey](#) (QNHS) began in September 1997. The purpose of the survey is the production of quarterly labour force estimates and occasional reports on special social topics. The survey is a requirement under EU law.

'They are not counted as live register participants.'

It allows unemployment and related data to be consistently recorded across the member states. Information is collected continuously throughout the year from a sample of households surveyed each week in each quarter.

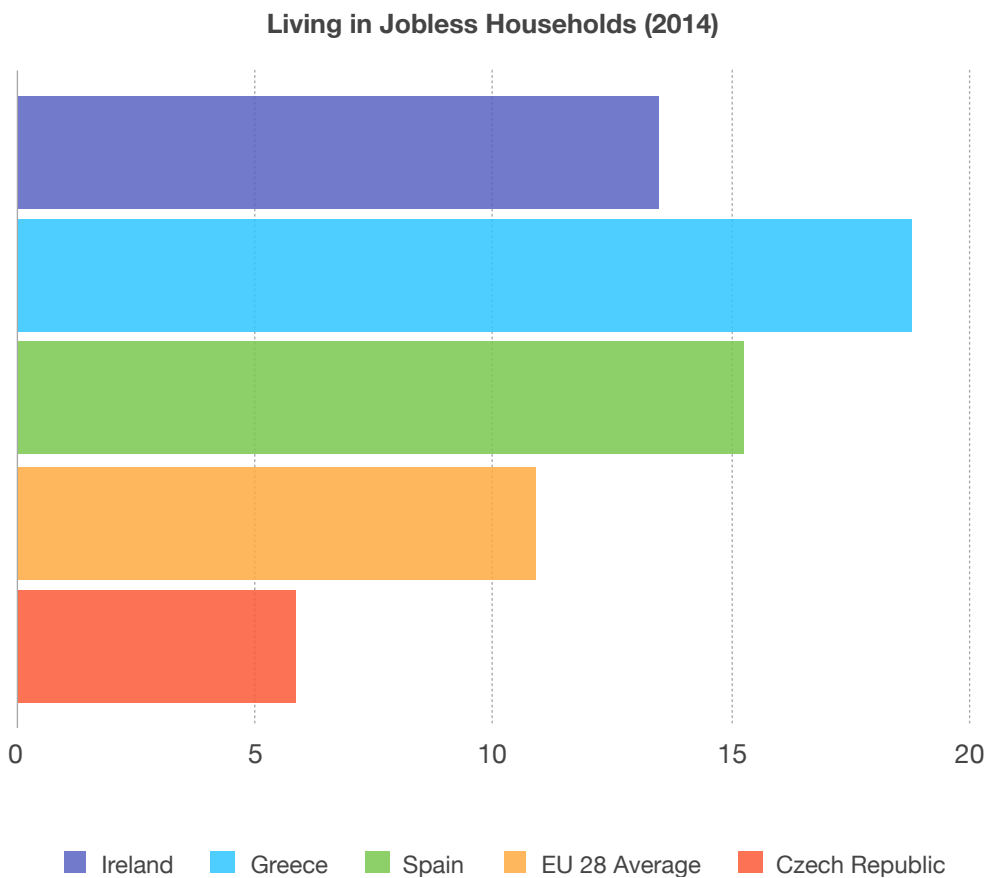
The [monthly unemployment statistics](#) are designed to measure unemployment only. These figures use the QNHS estimates to provide a monthly figure based on the live register. The headline figures for both the live register and monthly unemployment are seasonally adjusted, meaning that seasonal peaks such as the tourist industry recruiting workers in April or retail laying off workers in January are smoothed out to give a consistent picture.

All three have their strengths and weakness - the Live Register includes part time and casual workers, but it is based on a list of real people. The other figures are survey based and can be subject to revision if the structure of the sample is found to be defective.

Measuring Ireland's Progress

Ireland had the third highest proportion in the European Union of persons aged 18-59 living in jobless households, in 2014, according to country specific report issued by the EU in May.¹

As many jobs are filled by word of mouth this means that people in jobless households will be less likely to hear of vacancies arising.



Childcare

The main emphasis of press and public comment on the Country Specific Report for Ireland (issued in May) has been on fiscal matters. However we live in a society not an economy and it is useful to note the social recommendations. The EU notes the high level of workless households in Ireland and recommends that this be tackled.

¹ http://ec.europa.eu/economy_finance/publications/occasional_paper/2015/pdf/ocp215_en.pdf

From a Congress point of view we also note the recommendations on childcare², which reflect those in the recent Congress publication *Who Cares? Report on Childcare Costs & Practices*. What is worrying is that successive EU reports³ have made the same point on this issue:

2014

“(The Irish government should) Facilitate female labour market participation by improving access to more affordable and full-time childcare, particularly for low income families.”

2015

“The limited availability and high cost of childcare remains a significant barrier to increased female labour market participation.”

2016

“Improve the provision of quality, affordable full time childcare.”

Meanwhile, parents and children are still waiting for concrete changes that would make childcare more affordable.

Successive governments have shown themselves to be quite adroit when it came to implementing EU recommendations that entailed inflicting hardship on people (cut in the minimum wage, increase in the pension age) but seem remarkably leaden-footed when the selfsame bodies call for measures that would improve the lot of citizens.



² http://ec.europa.eu/europe2020/pdf/csr2016/csr2016_ireland_en.pdf

³ http://www.finance.gov.ie/sites/default/files/csr2014_ireland_en.pdf