

## **Ireland's 2030 employment rate target**

The Irish Congress of Trade Unions (ICTU) welcomes the opportunity to set out our views on Ireland's proposed employment rate headline target arising from the European Pillar of Social Rights and the May 2021 European Pillar of Social Rights Action Plan.

We would make three main points. First, Ireland should agree a higher employment rate target than the 78.2% rate (20-64 year olds) being considered - we would propose a target of 80%. Second, alongside the employment rate target, Ireland should agree sub-targets for particular cohorts as some other member states did under the Europe 2020 strategy. Third, though not directly related to the immediate issue at hand of agreeing an employment rate target (and sub-targets), the prospects of achieving the targets will be enhanced by implementing all of the principles of European Pillar of Social Rights and the related Action Plan as well as Ireland's commitments under the UN Sustainable Development Goals, particularly SDG 8 on full and productive employment and decent work. ICTU looks forward to further engagement with Government on this matter.

The following develops these points further.

### **1. Agree an 80% employment rate target**

We believe that Ireland can and should agree a more ambitious target than the 78.2% rate being discussed with the European Commission. We would propose a target of 80%.

We propose this target having considered Ireland's performance with regard to the equivalent target under the Europe 2020 strategy agreed in 2010, the performance of other member states under this strategy, and the relatively limited ambition of the 78.2% target.

First, Ireland's employment rate target of 69-70% (also for 20-74 year olds) under the Europe 2020 strategy was one of the lowest of the 27 member states that agreed targets (i.e. all bar the UK). 20 others agreed higher targets than Ireland's and nine agreed targets above the EU-wide target of 75%, including Denmark and the Netherlands agreeing 80% and Sweden 'well over 80%'.

Ireland achieved the upper value of its 2020 target by 2016, exceeded the pre-crash employment rate peak (73.5% in 2008) by 2018 and achieved a rate of just over 75% by

2019. While Ireland's rate did decline to 73.4% in 2020, this was two percentage points above the higher value of above Ireland's Europe 2020 target.

Second, Ireland's performance in 'over-achieving' its Europe 2020 target must be considered alongside the performance of other member states. Ireland's employment rate of just over 75% in 2019 was exceeded by 15 other member states, with seven exceeding 78% and five exceeding 80%, including Sweden reaching 82%. It should be recalled that Ireland was judged an 'average' performer for its 2018 employment rate (the latest year then available) in the Joint Employment Report 2020 adopted by the EPSCO Council in April 2020.

Third, Ireland's proposed target should be considered as relatively unambitious. On the basis of the criterion proposed by the Commission for the 2030 target, we would estimate that seven other member states should have targets of 81-82% and nine others of 79-80%. 78% is also just three percentage points above Ireland's 2019 employment rate.

We therefore believe that Ireland should agree a more ambitious target of 80% for 2030. This was the target agreed by Denmark and the Netherlands and two percentage points below Sweden's under the Europe 2020 strategy. It is also the approximate rate achieved by the four member states judged to be the 'best performers' in the Joint Employment Report 2020, which was based on 2018 data. Five member states achieved an 80% rate in 2019.

The adoption of a relatively low target at the outset of the Europe 2020 strategy may have reflected the scale of the employment challenge facing Ireland following the collapse of the property bubble after 2008, but we believe that Ireland can and should now take a more ambitious approach for 2030, and agree a target of 80%.

## **2. Agree sub-targets**

Alongside a higher employment rate target, we believe Ireland should also agree national sub-targets for 2030 for particular cohorts. This was not done by Ireland under the Europe 2020 strategy but was done by a number of other member states.<sup>1</sup>

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<sup>1</sup> For example, a number of other member states agreed sub-targets in relation to women, young people neither in employment, nor education and training ('NEETs'), older workers, the long-term unemployed, third country nationals, low-skilled workers, productivity per employee, professional qualifications, participation in life-long learning, and labour force participation (European Commission, 2019: Table 1, p.17).

Sub-targets for Ireland for 2030 should relate in particular to the complementary goals set out in the Action Plan to support the achievement of the headline rate - at least halving the gender employment gap, increasing the provision of formal early childhood education and care, and reducing the rate of young people aged 15-29 neither in employment, nor in education or training (NEETs) – and to relevant areas where Ireland’s relative performance pre-pandemic was ranked ‘on average’ or lower under the EU Social Scoreboard as well as relevant areas that have seen a considerable deterioration since the pandemic began. We would also suggest sub-targets in relation to people with disabilities and to low-skilled workers, amongst others. Sub-targets should aim not just to raise employment rates but to explicitly reduce unemployment rates (e.g. for the long-term unemployed) as well as under-employment rates (e.g. for under-employed part-time workers). At the same time, we need to be mindful that the focus should not be exclusively on activation into work as engagement in education and training and in community services may be more appropriate in many cases.

### **3. Implement the European Pillar of Social Rights and the UN SDGs**

Whilst not directly related to the immediate issue at hand of agreeing a national employment rate target (and sub-targets) for 2030, it is important to make the point that the prospects of achieving the targets will be enhanced by implementing all of the principles of the European Pillar of Social Rights and the Action Plan as well as Ireland’s commitments under the UN Sustainable Development Goals, particularly SDG 8 on full and productive employment and decent work.

To take just one example, with regard to the complementary goals set out in the Action Plan to reduce the gender employment gap and the NEETs rate, Government will be aware that OECD research has found that the collective bargaining systems of Austria, Denmark, Finland, Germany, Norway and Sweden are associated not just with better labour market outcomes overall, as measured in terms of higher employment and lower unemployment rates, higher productivity and lower income inequality, than Ireland’s but particularly better outcomes for women and young people as well as for low-skilled workers (OECD, 2019). The point should be made that all of these countries have collective agreement coverage rates well in excess, up to 90% in some cases, of Ireland’s coverage rate of 35%, and all had higher

employment rates than Ireland in 2019. This underlines the importance of implementing principle 8 of the Pillar at national and at European level.

National strategies to achieve the headline targets for 2030 must take account of recognition in the European Council's Porto Declaration of May 2021 of the need not just to raise employment rates but to also improve the quality of employment:

‘As Europe gradually recovers from the COVID-19 pandemic, the priority will be to move from protecting to creating jobs and to improve job quality, where small and medium-sized enterprises (including social enterprises) play a key role. The implementation of the principles in the European Pillar of Social Rights will be essential to ensure the creation of more and better jobs for all within the framework of an inclusive recovery. In this respect, relevant legislative and non-legislative work should be taken forward at EU and Member States level.’

The Government's 2021/2022 National Risk Assessment (December 2021) considered to a greater extent than any previous National Risk Assessment the risks arising from precarious work in Ireland. It acknowledged that precarious work involves ‘in broad terms...temporary contracts or casual work, limited entitlements and protections, and relatively low pay’, stated, citing the 2021 research by the ESRI and the Human Rights and Equality Commission, that ‘employment can be less positive for inclusion where it involves poorly rostered hours, low pay and bad conditions’, and warned that ‘more precarious labour markets are contributing to risks around the erosion of social cohesion and trust in institutions in Ireland.’ (Government of Ireland, 2021:40).

ICTU looks forward to further engagement with the Government and other stakeholders on the implementation of the European Pillar of Social Rights, the related Action Plan and on Ireland's commitments under the UN SDG's, particularly SDG 8.

## **Conclusion**

ICTU would be willing to engage further with Government and other stakeholders before national targets for this particular and the other 2030 headline targets are agreed with the European Commission and on the subsequent development of policies that seek to achieve the targets.

## **References**

European Commission (2019) Assessment of the Europe 2020 Strategy – Joint Report of the Employment Committee (EMCO) and Social Protection Committee (SPC)

European Commission (2020), COMMISSION STAFF WORKING DOCUMENT Country Report Ireland 2020 - SWD(2020) 506 final

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