Labour Review of Horticulture in Ireland 2016

December 2016

Growing the success of Irish food & horticulture

Bord Bia
Irish Food Board

This review was prepared by Agenda Consulting Ltd for Bord Bia. The review was commissioned to provide up to date estimates of the level of employment and the factors impacting on labour within horticulture.

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Summary

This labour review of the horticultural industry takes place at a time of great economic uncertainty; as Ireland recovers from an economic recession that began in 2008, it now faces a turbulent global economic climate. The exit of the United Kingdom from the European Union is the next big challenge facing the country.

While much of Ireland's horticultural output is sold on the domestic market, the industry has also developed important export markets, particularly the UK for mushroom exports. Maintaining and developing both the domestic and export markets for horticultural produce is critical to expanding employment opportunities. Based on current available data, the industry employs over 6,600 staff at farmgate level and a further 11,000 in value added and downstream[1] activities. Farm-gate horticultural employment is estimated to be worth €165 million annually to the Irish economy, in the context of farmgate output valued at €424 million. The total employment value of horticultural labour to the Irish economy including farmgate, value added and downstream activity is €479 million.

For the purpose of this review, this industry is broken into its food and its amenity related activities. Each sector is then further broken down into its component parts as follows:

Food	**Amenity**
• Soft Fruit & Protected Vegetables • Field Vegetables • Top Fruit • Mushrooms and compost production • Potatoes • Honey • Other	• Turf grass • Cut foliage • Nursery stock • Protected amenity • Cut flowers • Outdoor bulbs • Christmas trees

The review involved undertaking a range of interviews across the horticultural industry. The businesses interviewed employed 2,699 full-time, part-time and seasonal staff, which equated to 1,821 FTE staff. The interviews focused on the one hand on labour concerns, issues and opportunities; and on the other, comments around competitiveness and the challenges facing the industry. Headline concerns centered on the minimum wage; increasing competition for staff as the economy grows; the uncertainty associated with Brexit; the need for ongoing investment in the sector in order to maintain competitiveness in the international marketplace; upskilling staff; and the need to market the horticultural industry in a positive light so as to encourage students to consider horticulture as a career.

Labour is a critical input for horticultural businesses and for some, labour costs can represent up to 50% overall costs. Labour cost competitiveness and availability are common concerns for the industry. Against a backdrop of tightening business margins, especially where businesses are supplying the retail sector, future wage certainty is strategically important for horticultural

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[1] Value added and associated estimates are based on information specific to horticulture activities. It does not include the wholesale trade which is also a significant employer.

businesses if they are to develop long term growth strategies. The recent volatility in Euro/Sterling exchange rates is another major issue facing horticultural businesses.

The level of seasonally adjusted unemployment has dropped to 7.9% in Ireland in September 2016. The growing economy combined with reduced levels of unemployment is a double edged sword for the horticultural industry. Economic growth is increasing demand for horticultural produce and this business boost is very welcome, following the slump of the economic recession, however horticulture is facing increasing labour competition from sectors such as construction, IT, hospitality and food service that are also responding to the economic stimulus.

Migration is an important feature of the labour market in Ireland. While the recession period brought negative migration flows, 2016 has seen the shift to positive migration flows again. Availability of migrant workers has been critically important for the horticultural industry in Ireland and elsewhere in Europe; the mushroom sector being a case in point. Other sectors, that are very seasonal in nature, also rely on migrant workers e.g. soft fruit, flowers, vegetables, bulbs and potatoes. Ensuring that there is a strong supply of seasonal migrant workers is strategically important for the ongoing development of the horticultural industry. It is essential that this is addressed by way of appropriate government policies. Where labour shortages are identified in the horticultural industry, consideration should be given to addressing this via the work permit system. Labour supply and demand will require ongoing monitoring with a view to pro-actively managing labour availability for the industry.

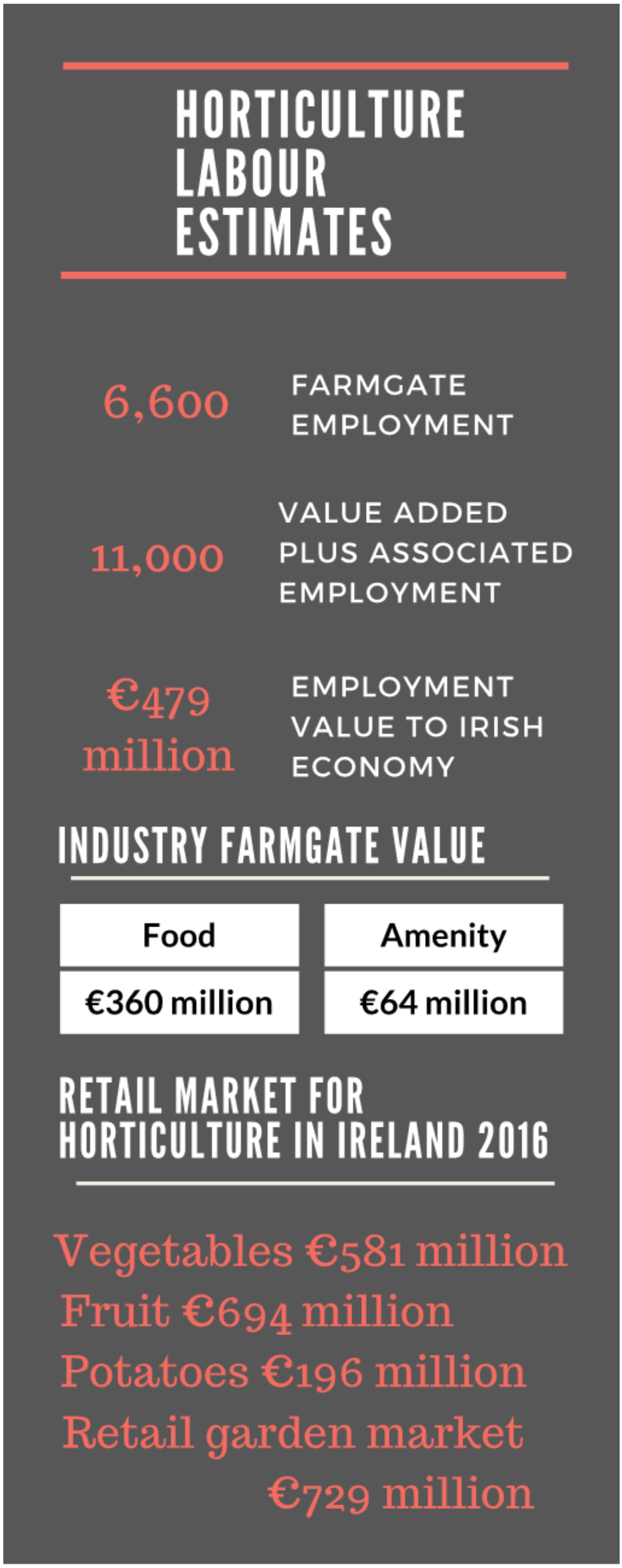
The horticultural industry must ensure it applies best practices regarding the employment of migrant workers in order to ensure that Ireland is viewed as an attractive country to seek employment.

Looking at Irish labour costs in its various components shows that “other labour costs” represent 13.5% of the total labour costs for Irish businesses. The additional costs, over and above the gross wage bill, for businesses generally include statutory social contributions, non-statutory social contributions, benefit in kind etc. The effective cost of labour – minimum wage plus 13% - must be borne in mind when the level of the minimum wage is being discussed

Benchmarking the minimum wage in the context of other countries, expressed either in nominal terms or PPS terms, places Ireland within a group 3 category of countries. The ranking position next to the UK, the country’s largest trading partner, would in normal circumstances be viewed as a strength, however it will need to be carefully monitored in the context of Brexit developments.

Ireland’s minimum wage has grown from €5.85 in 2000 to €9.15 in 2016 i.e. a 65.7% increase over the base year. The UK minimum wage is currently £7.20 while the euro equivalent (based on £0.85 exchange rate) is €8.47. In nominal terms, the UK has a cost advantage over Ireland at this exchange rate. The cost advantage will need be monitored in the context of Brexit, exchange rate volatility and purchasing power parity. Ultimately the level of labour cost advantage or disadvantage will only be assessable following clarity on the final Brexit negotiations and at what exchange rate sterling will normalise at.

The following figures provide an overview of key metrics for the industry.



HORTICULTURE LABOUR ESTIMATES

6,600	FARMGATE EMPLOYMENT
11,000	VALUE ADDED PLUS ASSOCIATED EMPLOYMENT
€479 million	EMPLOYMENT VALUE TO IRISH ECONOMY

INDUSTRY FARMGATE VALUE

Food	Amenity
€360 million	€64 million

RETAIL MARKET FOR HORTICULTURE IN IRELAND 2016

Vegetables €581 million
Fruit €694 million
Potatoes €196 million
Retail garden market €729 million[2]

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[2] FTE Employment estimated value based on farmgate, value added and associated employment estimates.

FARMGATE HORTICULTURE SECTOR LABOUR ESTIMATES 2016

Mushrooms	1858
Field Vegetables	911
Potatoes	1292
Soft Fruit & Protected Vegetables	866
Top Fruit	113
Other Food	258
Amenity	1314
TOTAL	**6612**[3]

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[3] Employment estimates based on full time equivalents

Background

Bord Bia commissioned this review to assess the current situation regarding labour supply in horticulture in Ireland. Previous labour reviews were undertaken in 2007 and in 2002 (Bord Glas).

The review involved undertaking a range of interviews across the horticultural industry. The businesses interviewed employed 2,699 full-time, part-time and seasonal staff, which equated to 1,821 FTE staff. The interviews focused on the one hand on labour concerns, issues and opportunities; and on the other, comments around competitiveness and the challenges facing the industry.

Horticulture is generally very labour intensive by contrast with agriculture. The total level of employment in the industry in 2007 was estimated at 6,119 equivalent employees when the area of production was in excess of 18,000 hectares. This level of employment represented a significant contraction since the previous 2002 review when employment in the sector was estimated to be 10,800. In 2007 farmgate employment was estimated to be 6,119, although measured against a slightly different reference base. Farmgate employment is now estimated at 6600, representing a slight increase in size since 2007.

This review, in addition to considering the employment issues facing the production base of the horticultural industry, also extends into the upstream and associated horticultural value chains.

It is estimated that the level of horticultural employment from farmgate to value added and associated inputs to be 17,600. In terms of economic impact, this employment is estimated to contribute €479 million to the Irish economy.

Thirty interviews were undertaken with industry representatives and business owners while seven personnel from State agencies provided industry profile information.

The impact of the recent recession in Ireland has caused significant upheavals in the labour market and the importance of job creation policies has become a top priority for Government. The publication of a range of regional *Action Plan for Jobs*[4] since 2012 has sought to increase the level of coordination amongst State agencies while also recognising the regional needs and opportunities that exist across the country.

This review has taken place at a time of recovery within the Irish economy, but also at a time of global economic uncertainty, including the question as to how the U.K. will leave the European Union. This backdrop to the review identifies a range of challenges facing the Irish horticultural industry vis a vis labour and skills needs.

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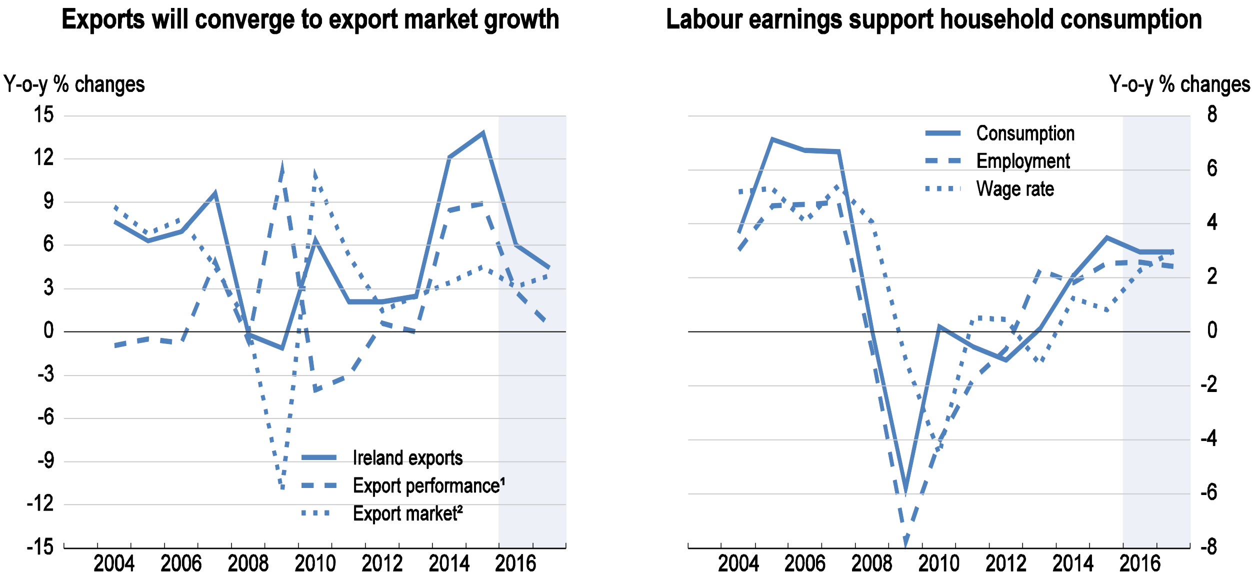
[4] Department of Jobs, Enterprise and Innovation, http://www.actionplanforjobs.ie

Economic Backdrop

Ireland was the fastest growing economy in the EU in 2015 and looks set to retain this record for a third successive year in 2016. The economic outlook for the Irish economy is positive with many economic analysts projecting real GDP growth in 2016 in excess of 5%. Increases in consumption, investment and net exports are contributing to the growth and the Central Bank of Ireland is projecting real GDP growth in 2016 of 4.2%. However external economic risks have been flagged by the Central Bank, noting geopolitical tensions, the migrant crisis in Europe and the outcome of the Brexit referendum. In this context GDP growth for 2017 is projected to be 3.5%[5].

Recent OECD commentary[6] on Ireland notes that; “The economy is projected to expand solidly, but with tightening capacity pushing up inflation. Exports will increase in line with demand of trading partners. Business investment should grow solidly given improved profitability prospects, although tight credit conditions will continue to exert a drag. Employment will grow steadily while labour force participation will rise. Wage growth is projected to become stronger as the labour market tightens. Household consumption will be solid as labour earnings grow further, although debt repayment is likely to keep its momentum in check.” (see Chart 1)

Chart 1 OECD Exports and Household Consumption



Source: OECD

See Appendix 1 provides background summary detail of the potential impact of Brexit.

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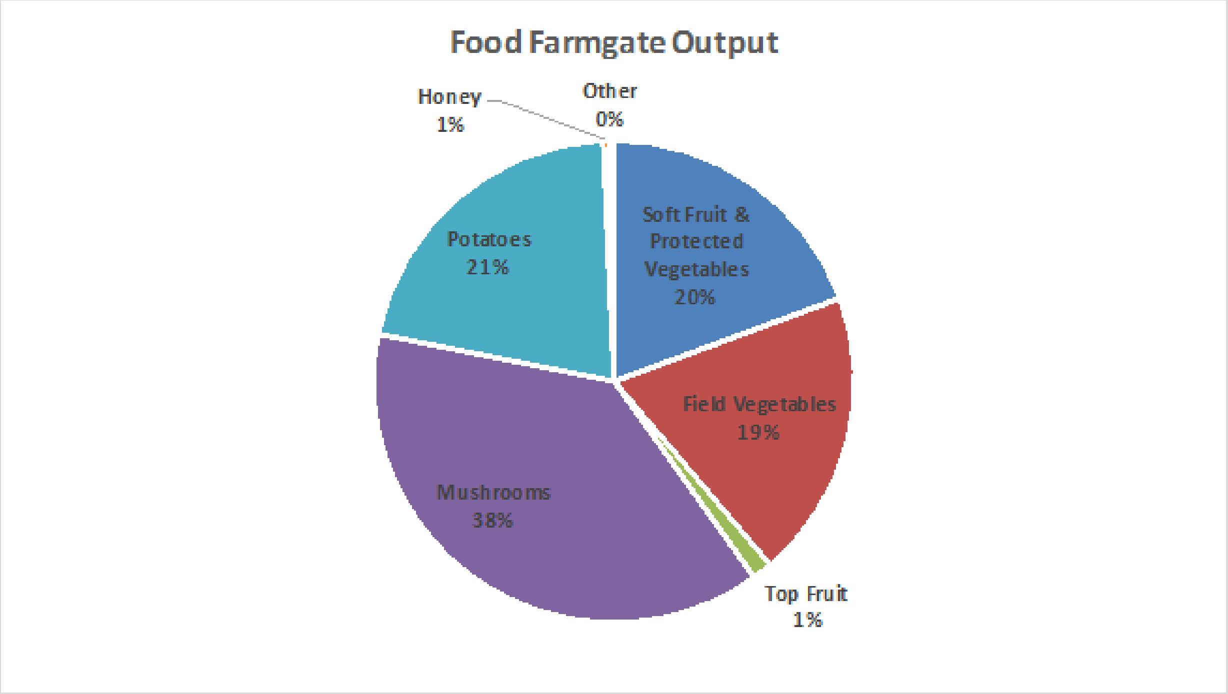
[5] BUDGET 2017 ECONOMIC AND FISCAL OUTLOOK, Department of Finance, October 2016

[6] OECD, Ireland - Economic forecast summary (June 2016); Economic Outlook, Volume 2016 Issue 1

IRELAND’s HORTICULTURE INDUSTRY

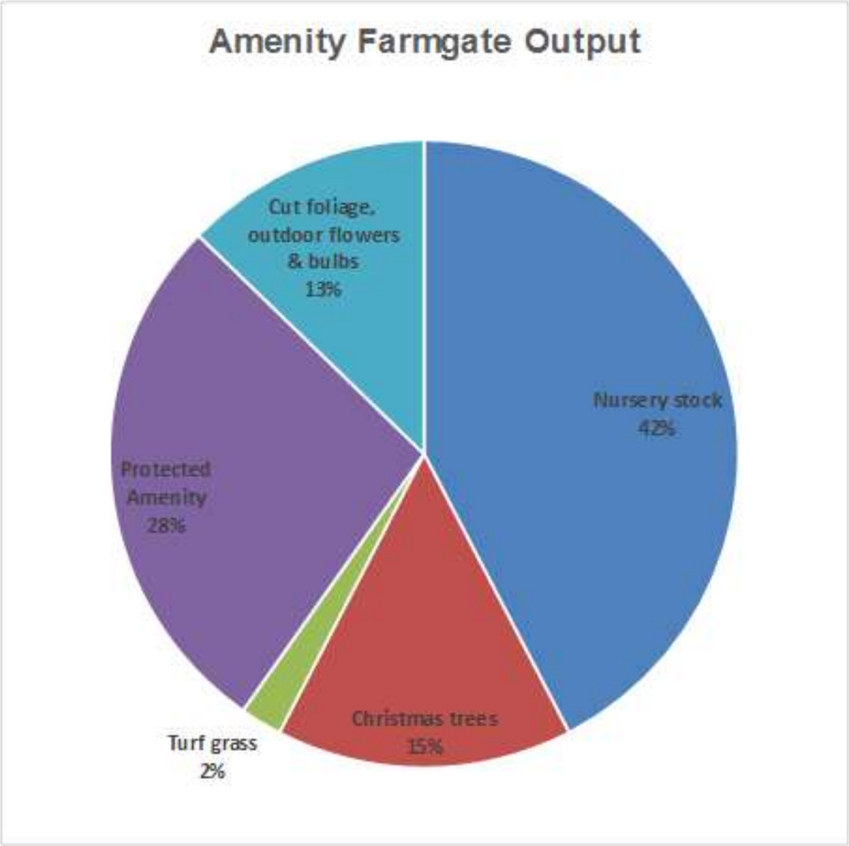
Irelands horticultural industry is estimated to be worth €424 million in 2015 (see Appendix 2). Charts 2 and 3 provide a percentage breakdown of the food and amenity sectors. Census data for the horticultural industry is collected on a sector by sector basis over a number of years. This report has used the most recent census information available. Employment within the horticultural industry can be broken into three categories, full-time, part-time and seasonal. The seasonal nature of the industry means that there is significant volatility in labour demand over the course of a year in line with crop harvesting needs. Seasonal workers are typically required for 3 to 4 month periods. Part-time workers are typically employed for between 6 and 10 months. The total employment figures are based on full-time equivalent estimates for all employment. Farmgate FTE employment is currently estimated to be 6,600 for the horticultural industry while the value added and associated employment in the sector is estimated to be in excess of 11,000. Employment in both farmgate and value added services and associated employment for horticulture is estimated to be over 17,600.

Chart 2 Estimated farmgate % value for food horticultural sector



Source: Estimates based on DAFM & CSO data

Chart 3 Estimated farmgate % value for amenity horticultural sector



Source: Estimates based on DAFM & CSO data

Adding Value To Horticulture

The supply chain within the horticultural industry is complicated and sophisticated for both retail and food services. Irish horticultural produce is mainly serving the domestic market with the exceptions of mushrooms, nursery stock, Christmas trees and cut foliage that have developed important export markets, mainly in the U.K. Charts 4 and 5 provide an overview of the different links of the supply chain between primary producers and the ultimate consumer.

Chart 4 Typical horticultural food supply chain

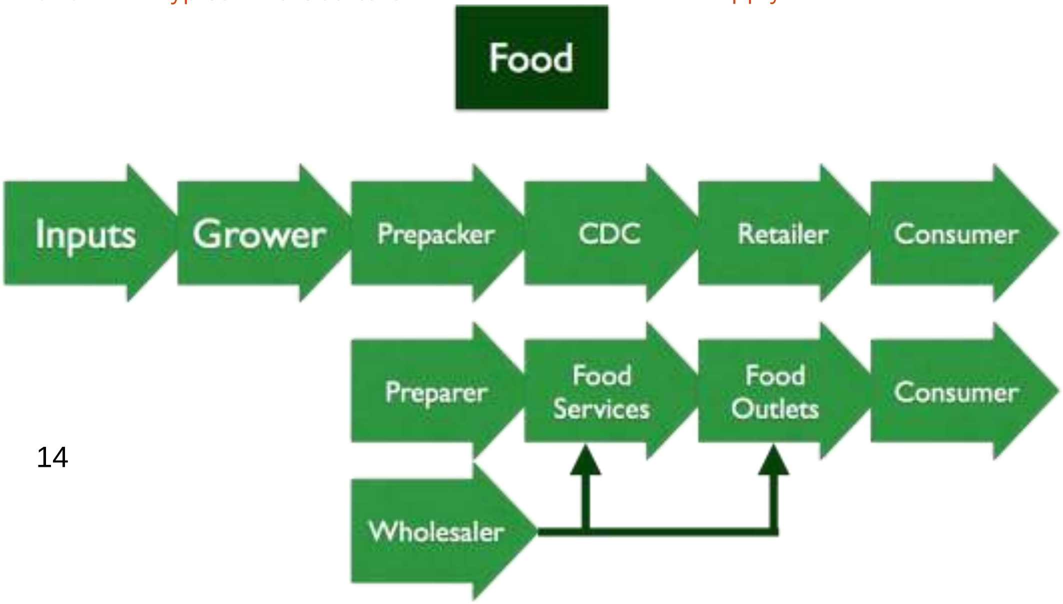
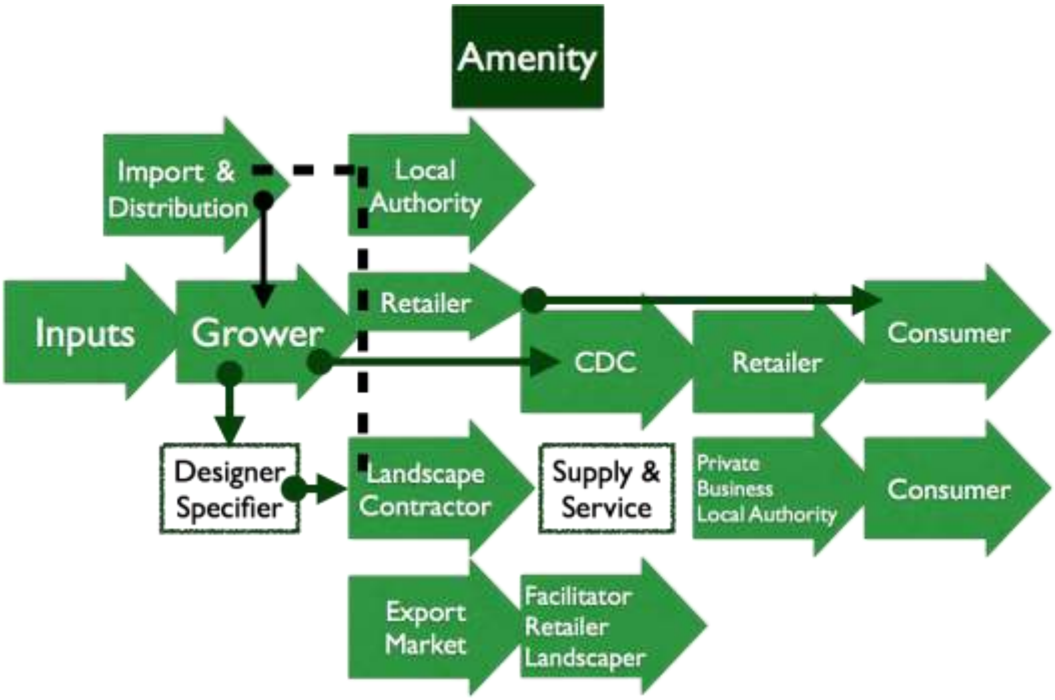
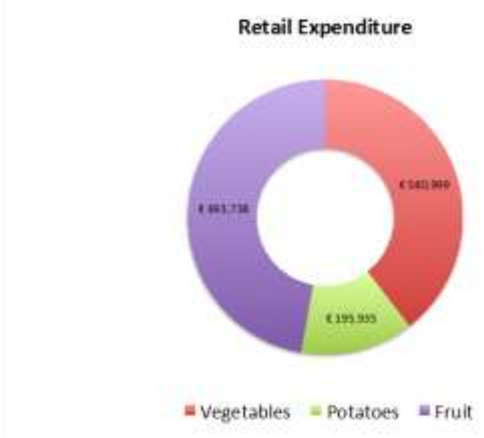


Chart 5 Typical horticultural amenity supply chain



The retail sales network is continuously monitored for market research and this provides a metric for the size of the retail market for fresh produce. Chart 6 details the market size for the year ending June 2016 as €1.47 billion. This figure refers to both domestic and imported vegetables, potatoes and fruit. The retail gardening market is valued at €729 million.

Chart 6 Fresh Produce Retail Expenditure YoY to June 2016



Source: Bord Bia & Kantar Worldpanel

The foodservice market in Ireland was surveyed by Bord Bia in 2013. This research[7] estimated the food service market to be valued at €355 million and that fruit and vegetables represented 19.19% of the foodservice market i.e. €68.1 million.

Value added sectors and services in the horticultural industry are a significant source of employment. It is estimated that 11,000 people are engaged in value added and associated horticultural activities in Ireland. It is likely that the value added sectors and services will continue to grow over the coming years.

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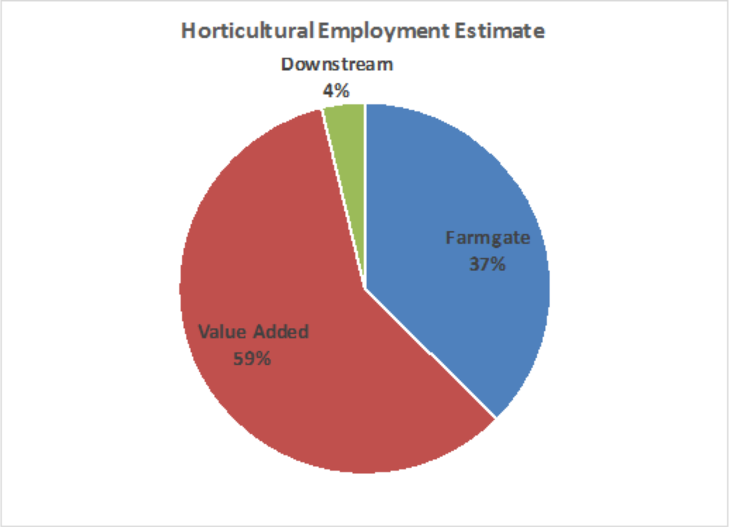
[7] Bord Bia Irish Foodsevice Channel Insights 2013

The inputs to the horticultural industry are many and varied, ranging from seeds, composts, fertilisers, pesticides and packaging to list but a few. Horticultural and agricultural input suppliers are often closely aligned, it is therefore difficult to clearly differentiate the scale of horticultural input business versus agricultural business. In addition horticultural inputs are sourced domestically and as imported products. This review has focused on identifying specialist domestic businesses serving the Irish horticultural industry and estimating their labour content.

Chart 7 Horticultural Employment Estimate



Industry Feedback

35 telephone and face to face interviews were completed as part of this review. The businesses interviewed employed 2,700 full-time, part-time and seasonal staff or 1,821 full-time and full-time equivalent staff in primary production, retail and value added activities. The interviews included all sectors of the horticultural industry.

Food Sector

The scope of the food sector includes mushrooms, potatoes, field vegetables, protected crops, soft fruit and top fruit. The size and composition of each of these sectors varies considerably, with mushrooms representing the largest horticultural sector. The issues raised below, have been grouped based on the areas highlighted rather than on a sector-by-sector basis. The common thread within the horticultural industry is the importance that labour costs play as part of the overall input costs to the businesses. Labour costs can often represent as much as 50% of the input costs for many horticultural businesses. Typical examples being mushroom and fruit production where the product being harvested must be physically picked and handled to ensure highest quality when used by the end consumer. Sectors such as potato production will have much higher levels of mechanisation and automation with commensurate reductions in labour input. In such cases, labour costs have been substituted by increasing capital investment in equipment, machinery and storage facilities. The need to consider the correct balance between labour content and mechanisation to deliver business competitiveness is critical to the long term development of the different sectors of horticulture.

Amenity Sector

The scope of the amenity sector includes nursery stock, bedding and potted plants, cut foliage, bulbs, cut flowers, turf grass and Christmas trees. It is a diverse sector which supplies retail multiples, independent garden centres, agri-food retailers, and landscape contractors. In addition, professionals such as garden designers, landscape architects, architects and engineers play a key role in specifying amenity products, which in turn will create demand for those products. Most amenity products are grown to serve the domestic market, however progress has also been made developing export markets for nursery stock, cut foliage and Christmas trees. As with the food sector, maintaining a competitive balance between labour input costs and mechanisation to deliver efficiencies and increased productivity is a priority. Amenity businesses are also very labour intensive as is the garden centre sector. In addition to managing the seasonal production cycle for amenity products, the industry must also manage the seasonality of customers especially with regard to their gardening habits. Managing seasonal volatility of labour inputs for both growing and selling amenity products is a challenge that the industry faces on an ongoing basis.

Minimum Wage

Many businesses are concerned about the impact that large scale increases in the minimum wage would have on their businesses. Most primary producers of horticultural produce supplying the retail multiples are viewed as price-takers and their produce is typically sold at clearly defined price-points, which are inflexible. Most primary producers see increases in the minimum wage as a threat to the already tight margins within which they operate. Where labour costs are a significant percentage of overall input costs, increasing minimum wage rates, which reduce business profit margins, will drive further rationalisation of the industry. The net impact of this scenario is likely to be a reduction in employment numbers or downsizing of the sector where business competitiveness is lost.

Many horticultural businesses are paying their staff in excess of the minimum wage for a number of reasons. These businesses seek to have better staff retention rates, thus avoiding ongoing cost of recruitment and higher levels of staff productivity. Some businesses are already feeling increased competition from other industries for staff e.g. construction and have had to increase rates of pay in order to attract the right skill set for their business. In this regard many horticultural businesses have experienced this competitive challenge previously, during the Celtic Tiger years, and have developed specific skills in terms of staff retention for their businesses.

The amenity sector works within a highly competitive market and it is highly labour intensive. Maintaining competitive labour cost and productivity are ongoing priorities for businesses. While amenity businesses will typically pay staff above the minimum wage rate, new staff will normally start on minimum wage rates and progress to higher wage rates based on performance. Stability of the minimum wage rate is viewed as being an important factor in terms of the long term planning for amenity businesses.

Mushroom Sector Registered Employment Agreement (REA)

The Industrial Relations (Amendment) Act 2015 provides for a system of registered employment agreements and sectoral employment orders. Registered employment agreements (REAs) are collective agreements that relate to the pay or conditions of employment of specified workers and that are registered with the Labour Court.

No REA currently applies to the horticultural industry, however discussions have taken place with the mushroom sector with a view to developing a REA that would address the specific needs of the sector. The mushroom sector is highly labour intensive, while also being the largest part of the horticultural industry both in terms of farmgate value and exports. Key industry concerns include:

- The need for flexibility of working hours which are aligned with the production profile of mushrooms
- Provision for specific training rates of pay that apply while new employees are being upskilled in picking and handling techniques
- Ensuring that pay rates for mushroom workers are competitive in the context of the European market
- Maintaining pay stability and standards across the mushroom sector.

Seasonal worker accommodation

The horticultural industry needs a strong supply of seasonal workers to operate efficiently and competitively. Seasonal workers in turn require affordable accommodation in line with their needs. The National Competitiveness Council (NCC) reports to and advises the Taoiseach on competitiveness issues facing the Irish economy. The NCC highlights in their 'Costs of Doing Business in Ireland -2016' report that "*The affordability of residential property is a key issue in overall competitiveness as both rental costs and purchase prices feed through into increased wage demands and rising living costs.*" In addition, in recent years Ireland has suffered from a severe housing supply problem which has driven both property and rental prices up[8]. This scenario presents a serious problem for horticultural businesses that require high numbers of seasonal workers. Where horticultural businesses seek to provide their own accommodation for seasonal workers, this becomes an additional business cost. The benefits of providing such accommodation for seasonal workers is that it may be utilised as an employment incentive to encourage foreign workers to come to Ireland and work on horticultural enterprises. However it also brings challenges in terms of agreeing accommodation standards that are suitable and affordable with the relevant planning authorities. The issue of accommodation standards for seasonal workers is being addressed in the Fingal Development Plan 2017-2023 review and this might help to guide other local authorities with regard to defining planning standards for seasonal worker accommodation.

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[8] The Daft.ie Rental Report, An Analysis of recent trends in the Irish rental market, 2016 Q1

Staff for Vegetable sector

Specific concerns were noted regarding the labour intensiveness of the vegetable sector and the challenge of attracting staff and particularly graduates to work in the sector[9]. The sector is heavily dependent on supplies of foreign labour. In addition, staff in the sector are having to find accommodation in a very challenging property rental market, especially near to urban locations. This results in staff seeking accommodation further away from urban areas as they look for cheaper accommodation. From the vegetable growers perspective, they are supplying a retail market which is very cost sensitive and where vegetable products are often used for promotional purposes to draw footfall into supermarkets. Vegetable promotions with retail promotions can impact demand for vegetables by a factor of over five-fold. From a growers perspective they must have the capacity to increase their supplies by this factor and must have the flexibility of both labour and equipment resources to deliver on such promotional opportunities. Greater planning between growers and retailers of Irish vegetable production will also lead to more certainty for both stakeholders and improve grower capacity to meet retailer promotional needs.

Increased wage pressure on growers can result in them being caught in a situation where wage increases will result in reduced grower margins against a static or reducing retail sale value for their products. Ultimately this situation threatens the long term viability of many vegetable growers in Ireland. For some growers, a strategy of increasing scale of production in combination with increased mechanisation, which will increase labour productivity but reduce labour costs as a percentage of overall input costs, is the only way forward.

Capital investments

Capital investment in the horticultural industry will typically lead to 1) increased efficiencies and reduced labour with a view to increasing competitiveness or 2) increased capacity in order to maintain existing employment or increasing employment. Investing in the future of horticultural businesses involves investing in R&D, staff and capital investment. The latter is often a prerequisite to business expansion and increasing staff productivity and/or staff numbers. Traditionally the Department of Agriculture Food and Marine has played a key role in the provision of grants for both on-farm investments[10] and for productivity and value added investments via a Marketing and Processing Scheme for Agricultural Products.[11] While the on-farm horticultural grant scheme is currently available on an annual basis, the Marketing and Processing Scheme last ran in 2008 Another round of the Marketing and Processing Scheme for agricultural and horticultural products could act as a driver to encourage capital investments, with the objective of developing improved business competitiveness and new market opportunities.[12]

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[9] 2016 CAO applications for agriculture/horticulture courses dropped by 25% between 2015-2016

[10] DAFM Scheme of Investment Aid for the Development of the Commercial Horticulture Sector and the Scheme of Aid for Producer Organisations in the Fruit and Vegetables Sector.

[11] DAFM Capital Investment Scheme for the Marketing and Processing of Agricultural Products

[12] DAFM Report, Value for Money Review of the Capital Investment Scheme for the Marketing and Processing of Agricultural Products (2000-2006)

European and international labour

The labour intensive mushroom sector has sourced staff internationally as it developed and expanded over the years. Eastern European countries have played a key role in supplying workers for the mushroom sector. However, as the economies of these countries improve, the employment opportunities will also improve, resulting in Ireland being a less attractive country to move to.

Table 8 illustrates the top 25 countries for which 96,000 PPS numbers were allocated in 2014. In order to ensure that availability of suitable international labour continues to match Irish mushroom sector needs, it is essential that both the labour supply market and controls for entering the Irish labour market are monitored on a regular basis to inform industry policy going forward. In this regard undertaking an annual skills survey was suggested as a proactive way to develop a predictive measure of ongoing industry needs and that this in turn would help to drive industry policies.

Claims

Growing insurance claims was highlighted as an issue with certain larger horticultural enterprises and this is resulting in additional business costs and the need in some instances for horticultural businesses to employ or engage more employment specialists. Statistics from the Injuries Board show both a growing number and increasing average value of award by the Board for all businesses in Ireland (Table 1). Increasing employer liability awards is having a direct knock-on effect on insurance premiums and this then becomes a further competitive pressure for businesses in general.

Table 1 2011 -2015 Employer Liability Claims and Average Awards

	2011	**2012**	**2013**	**2014**	**2015**
Number of **Claims**	3866	3828	4040	4368	4843
Number **of Awards**	830	807	826	941	924
Average Value of Awards	€ 27,102	€ 27,286	€ 28,886	€ 32,134	€ 31,267

Source: www.injuriesboard.ie

Market research and innovation

Maintaining a successful competitive horticultural industry is based on continued investment. New employment opportunities as well as new value added business opportunities will be created with investment in both market research and innovation.

The ever-changing nature of both the consumer market and business standards is a challenge and an opportunity for the horticultural industry. Successful businesses are the bedrock for employment in the industry and these businesses need to change and adapt on an ongoing basis. New products, new markets, new environmental requirements, new ways of doing business have all been highlighted as the challenges and opportunities facing the industry. The importance of adoption of new technologies in a number of sectors such as mushroom and vegetable production was specifically highlighted. Policies that seek to support businesses turn these challenges into opportunities will help to drive competitiveness, growth and employment for the horticultural industry.

Recruitment

Amenity businesses that require seasonal workers highlighted a) the level of bureaucracy involved with getting workers to move from long term unemployed State payments to short term seasonal work and b) the challenge of attracting long term unemployed to take up short terms employment for fear that they will lose the range of State benefits available to them. Seasonal worker recruitment is particularly challenging where the employment period may be only two months in line with the crop being harvested e.g. outdoor flowers. In such situations the employer must recruit, train, work and lay-off staff within a two month period.

In this context the need for greater flexibility in terms of allowances for seasonal workers was highlighted, thus reducing the administrative burden on the employer and ensuring that the unemployed have a favourable State support framework to encourage them to take up such seasonal employment where it is available.

Student employment

While many businesses seek to employ horticultural students as part of their ongoing business development, concerns were expressed about the need to align student work experience with the busy times in nurseries and garden centres. The April – June period will typically be the busy periods on nurseries and garden centres while the student availability is typically in the July-September period in line with the academic holiday period.

Industry image

The need to promote horticulture from a career and employment perspective was highlighted. This is against a backdrop of increasing competition from high-tech industries that promote their positive career opportunities. Consideration should be given to developing and promoting horticulture by the key stakeholders as a career with a focus on:

- An industry that is interesting to work in
- Is part of our everyday life
- Makes a major contribution to Ireland’s economy and
- Delivers great lifestyle rewards.

Upskilling staff

Both growers and garden centres/retail nurseries recognise the importance of ongoing skills development and training in the face of a rapidly changing market environment. Some businesses in more rural areas are finding it difficult to recruit experienced staff. Upskilling for growers means implementing new workplace standards, innovating with new technologies and generally working smarter. For garden centres or retail nurseries it involves better understanding customer needs and trends, implementing smarter retail presentation in terms of colours, merchandising and themes.

The Department of Education and Skills (DES) 2025 Strategy sets out objectives that highlight the importance of upskilling for businesses, staff and the economy (Appendix 3). Teagasc has developed a range of short courses for upskilling staff of landscape contractors, nurseries and garden centres that is helping to fill the skills gap in line with the DES National Skills Strategy. While training and education is within the remit of Teagasc, a shared approach to promote horticulture will benefit the industry as a whole and provide new career opportunities for the ongoing development and expansion of the industry.

Community landscape projects were noted as an opportunity to deliver social benefits for communities. Local community initiatives with landscape training for long-term unemployed has been piloted by Dublin City Council. This has led to upskilling and new employment opportunities for the people involved as well as broader community and social benefits.

Green keeping remains an important career for maintenance staff on golf courses, sports pitches and specialist sports facilities. It is estimated that over 1,000 FTE green keeping staff are employed in the Republic of Ireland currently and based on the market trends, demand for green keepers is expected to increase over coming years as the demand for golfing and active recreational sports increase. There is currently no full time block release training course for green keepers in Ireland and this is viewed as an area for future employment growth.

Labour and Cost Competitiveness

Labour costs are a critical input cost in the horticultural industry. Depending on the sector, labour costs will typically represent between 15% and 50% of overall inputs for most horticultural businesses. Products which must be picked and sold as fresh items i.e. apples, strawberries, mushrooms and cut flowers, are not only very labour intensive but also are characterised by their seasonal production cycles. It is therefore important that there is certainty and forward planning with regard to labour costs in order that horticultural businesses can ensure long term planning for their businesses.

The National Competitiveness Council (NCC) monitors costs across a range of parameters and it notes *"that the cost of labour is the most significant driver of business costs for most firms – particularly for services firms"*[13]. The NCC makes the following policy recommendations in 2016 with regard to cost competitiveness and labour costs:

Labour Costs

- *Review income taxes (e.g., credits, thresholds, rates, etc.) to support improvements in after-tax income - while protecting labour cost competitiveness.*
- *Continue to reform and simplify the current regime of taxes and charges on employment, with the specific goal of further encouraging the take-up of employment opportunities and job creation, whilst simultaneously maintaining a broad personal tax base. Anomalies in relation to PAYE and the USC should be removed to support the self-employed, job creation and entrepreneurship.*

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[13] National Competitiveness Council, Costs of Doing Business in Ireland 2015, April 2015

- *Undertake a comprehensive data collection exercise and develop a methodology to determine the impact of changes in the national minimum wage on employment, productivity and competitiveness.*
- *Clearly signal changes arising from the annual Low Pay Commission review of the minimum wage. Changes should generally take effect on the same date each year to provide certainty to employers and employees.*

The NCC highlights the strategic importance of maintaining ongoing vigilance with regard to competitiveness on all costs and therefore undertakes an annual benchmarking exercise to monitor the cost of doing business in Ireland and this is also an important metric for the horticultural industry.

THE IRISH LABOUR MARKET OVERVIEW

The rate of growth in employment and consequent reducing rate of unemployment has been a significant development in recent years. Table 2 shows the seasonally adjusted rate of unemployment dropped from 10.9% to 7.9% between September 2014 and September 2016. While this trend is very positive for the Irish economy, it is important to understand how the growing levels of employment are spread across the economy.

Table 2 Seasonally adjusted monthly unemployment by sex - All persons aged 15-74 years

	Number of persons			Unemployment rate (%)		
	Males	Females	All Persons	Males	Females	All Persons
September	144,900	89,200	234,100	12.3	9.2	10.9
October	142,100	85,800	227,900	12	8.9	10.6
November	139,400	82,800	222,100	11.8	8.6	10.3
December	138,600	81,500	220,000	11.7	8.5	10.2
2015						
January	138,400	80,500	219,000	11.7	8.4	10.2
February	136,700	79,700	216,400	11.5	8.3	10.1
March	134,400	78,400	212,800	11.3	8.1	9.9
April	131,200	78,500	209,600	11.1	8.1	9.7
May	128,400	77,700	206,100	10.8	8	9.6
June	126,500	75,200	201,800	10.7	7.8	9.4
July	124,700	72,600	197,300	10.5	7.5	9.2
August	125,100	70,600	195,700	10.5	7.3	9.1
September	126,500	70,400	196,900	10.6	7.3	9.1
October	127,700	70,500	198,200	10.7	7.2	9.2
November	127,500	69,200	196,700	10.7	7.1	9.1
December	126,400	67,600	194,000	10.6	6.9	9
2016						
January	120,500	64,100	184,600	10.2	6.6	8.5
February	117,700	63,000	180,700	9.9	6.5	8.4
March	115,900	64,100	180,000	9.7	6.5	8.3
April	115,100	66,300	181,400	9.6	6.7	8.3
May	114,700	68,000	182,700	9.6	6.9	8.3
June	114,000	69,500	183,500	9.5	7	8.4
July	113,700	68,600	182,300	9.5	6.9	8.3
August	112,900	67,300	180,200	9.4	6.8	8.2
September	109,400	63,500	172,900	9.2	6.4	7.9

Source: CSO

Table 3 indicates the growth in employment between Q1 2015 and Q1 2016 to be 47,000. Both the construction and accommodation and food service activities represent nearly 20,000 or 41% of the employment growth. The increasing demand for labour will create greater competitive forces for horticultural businesses seeking to retain and recruit staff. Some horticultural businesses interviewed as part of this review have already highlighted this challenge, especially for businesses located within the greater Dublin area where construction activity has greatly increased in recent years.

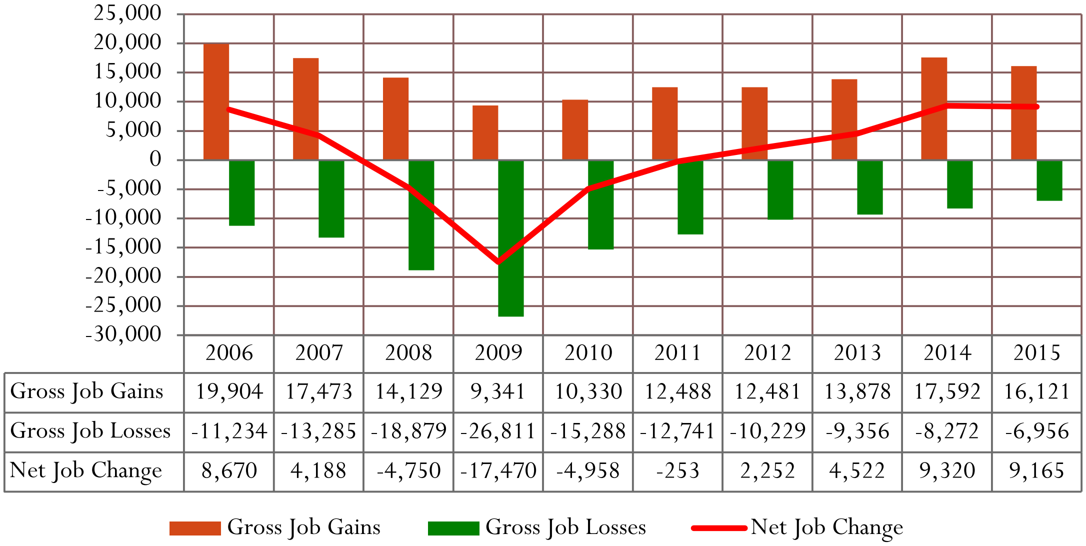
Table 3 Employment (ILO) (Thousand) by European industrial activity classification
Persons aged 15 years and over in Employment (ILO) (Thousand) by NACE Rev 2 Economic Sector

Economic Sector (NACE Rev. 2)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Change
Agriculture, forestry and fishing (A)	107.8	112.5	112.7	106.4	109.3	+1.5
Industry (B to E)	246.3	245.8	252.3	248.4	250.0	+3.7
Construction (F)	121.8	125.9	127.4	126.6	131.3	+9.5
Wholesale and retail trade, repair of motor vehicles and motorcycles (G)	270.5	271.7	273.8	279.4	272.5	+2
Transportation and storage (H)	90.7	92.8	90.0	93.8	95.0	+4.3
Accommodation and food service activities (I)	132.3	136.7	139.9	143.1	142.4	+10.1
Information and communication (J)	81.8	82.3	83.7	85.4	85.2	+3.4
Financial, insurance and real estate activities (K,L)	102.3	102.7	99.8	97.8	100.7	-1.6
Professional, scientific and technical activities (M)	109.3	115.8	122.6	119.3	110.3	+1
Administrative and support service activities (N)	62.1	63.8	68.0	67.1	68.2	+6.1
Public administration and defence, compulsory social security (O)	97.8	100.4	101.3	99.1	98.5	+.7
Education (P)	154.2	150.7	146.6	153.5	153.9	-.3
Human health and social work activities (Q)	246.5	249.1	253.4	253.7	248.7	+2.2
Other NACE activities (R to U)	103.0	102.1	104.8	102.7	104.1	+1.1
Not stated	..	6.4	6.7	6.6	6.3	-
All NACE economic sectors	1,929.5	1,958.7	1,983.0	1,983.0	1,976.5	+47

Source: CSO

The Department of Jobs Enterprise and Innovation (DJEI) provides a different measure of employment performance. It undertakes an annual survey of employment for Agency-Assisted Companies (Appendix 4) which is categorised under Irish-owned and Foreign-owned companies. Chart 8 outlines the employment trend from 2006 to 2015 for Irish owned companies. It shows the growth in employment since 2009 in line with the economic recovery of the country. Tables 4 and 5 looks to the employment trend within the food industry. 2015 was the fourth successive year of positive net growth in employment for Irish-owned surveyed businesses giving a net growth of 9,165 jobs. The food sector delivered employment growth of 3.6% and 4.8% for Irish-owned and Foreign-owned businesses respectively in 2015. Agriculture Fishing and Forestry companies show lower levels of growth, however this category does not normally fall within the remit of manufacturing companies within the scope of Agency-assisted companies.

Chart 8 Job Gains, Losses & Net Change in Permanent Full-time Employment in Irish-Owned Agency-Assisted Companies, 2006-2015



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gross Job Gains	19,904	17,473	14,129	9,341	10,330	12,488	12,481	13,878	17,592	16,121
Gross Job Losses	-11,234	-13,285	-18,879	-26,811	-15,288	-12,741	-10,229	-9,356	-8,272	-6,956
Net Job Change	8,670	4,188	-4,750	-17,470	-4,958	-253	2,252	4,522	9,320	9,165

Source: Department of Jobs Enterprise and Innovation, Annual Employment Survey 2015

Table 4 Sectoral Analysis of Permanent Full-Time Employment in Irish-Owned Agency-Assisted Companies, 2015

Irish Owned Companies	**Full-time jobs**	**Full-time gains**	**Full-time losses**	**2015 Full-time changes**	**2014-2015 Full-time % change**
Manufacturing	103,719	8,935	3,887	5,048	5.1%
Food	37,159	2,467	1,173	1,294	3.6%
Agriculture, Fishing & Forestry	2,276	132	72	60	2.7%

Source: DJEI Annual Employment Survey 2015

Table 5 Sectoral Analysis of Permanent Full-Time Employment in Foreign-Owned Agency-Assisted Companies 2015

Foreign Owned Companies	**Full-time jobs**	**Full-time gains**	**Full-time losses**	**2015 Full-time changes**	**2014-2015 Full-time % change**
Manufacturing	86,870	6,680	2,957	3,723	4.5%
Food	4,945	273	46	227	4.8%
Agriculture, Fishing & Forestry	332	6	15	-9	-2.6%

Source: DJEI Annual Employment Survey 2015

Recent CSO population projections are set out below in Table 6. This shows the population increasing by 64,100 between 2014 and 2016. It also highlights the significant level of migration, including a shift from negative to positive net migration of 3,100 in 2016.

Table 6 Population and Migration Estimates

	Year ending		
	April 2014	**April 2015**	**April 2016**
Immigration	60,600	69,300	79,300
Emigration	81,900	80,900	76,200
Net migration	-21,400	-11,600	3,100
of which Irish nationals	*-29,200*	*-23,200*	-10,700
Natural increase	37,900	37,400	35,300
Population change	16,500	25,800	38,400
Population	**4,609,600**	**4,635,400**	**4,673,700**

Source: CSO

Table 7 details the migration by origin and destination over the period 2013-2015. This data highlights:

- The importance of the UK for migration
- Free labour movement within the EU 15 and EU 28 countries represents a significant resource for businesses seeking a wide variety of skills.
- Migration with non EU countries, especially “other countries” was the largest net migration category in 2015.

Table 7 Estimated Migration (Persons in April) (,000) by Origin or Destination, Country and Year

		2013	2014	2015
Net migration	United Kingdom (1)	-12.2	-8.2	-8.7
	EU 15 excluding Ireland and United Kingdom	-1.2	-5	-4.5
	EU15 to EU28 states	-2.4	1.1	6.5
	United States	-2.6	-6.4	-4.7
	Australia	-10.1	-4.2	-3.7
	Canada	-4.2	-3.5	-6.1
	Other countries (23)	-0.4	5	9.5
	All countries	-33.1	-21.4	-11.6
Emigrants: All destinations	United Kingdom (1)	21.9	17.9	19.2
	EU 15 excluding Ireland and United Kingdom	11.5	16.2	15.3
	EU15 to EU28 states	14.2	8.7	6.8
	United States	6.2	10	7.5
	Australia	15.4	6.9	5.9
	Canada	5.3	4.7	7.7
	Other countries (23)	14.4	17.5	18.4
	All countries	89	81.9	80.9
Immigrants: All origins	United Kingdom (1)	9.7	9.7	10.4
	EU 15 excluding Ireland and United Kingdom	10.3	11.2	10.8
	EU15 to EU28 states	11.8	9.8	13.4
	United States	3.6	3.6	2.9
	Australia	5.3	2.6	2.2
	Canada	1.1	1.2	1.6
	Other countries (23)	14.1	22.4	28
	All countries	55.9	60.6	69.3

Source: CSO

Note: Preliminary figures used for 2012, 2013, 2014 and 2015. These figures will be revised following the publication of the 2016 Census of Population. EU15 excluding Irish and UK Definition: countries before enlargement on 1 May 2004, i.e., Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Spain, Sweden, Portugal. EU15 to EU28 states: defined as 10 countries that joined the EU on 1 May 2004 (i.e., Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia) along with Bulgaria and Romania who joined on 1 January 2007 and Croatia who joined on the 1 July 2013.

Table 8 details the allocation of PPS numbers to foreign nationals over the period 2009 to 2014. It is ranked based on PPS numbers and nationality for workers seeking employment in Ireland. In 2014 the top four countries were the UK, Poland, Romania and Brazil. Eastern European countries such as Poland, Latvia and Lithuania have traditionally played an important role as seasonal, part-time and full-time workers in the horticultural industry. Many horticultural businesses have developed long term working relationships with their seasonal and part-time workers, such that the same workers return to work in Ireland each year. This experience was referenced by businesses in the potato, cut flower, mushroom and soft fruit sectors during interviews.

Table 8 Foreign Nationals: PPSN allocations by nationality (Numbers)

Nationality	2009	2010	2011	2012	2013	2014	Change 2009-14	%Change 2009-2014
U.K.	13,987	13,446	13,130	12,744	13,167	13,817	-170	-1.22%
Poland	13,754	8,729	8,077	8,658	9,235	9,120	-4,634	-33.69%
Romania	2,629	2,994	3,832	5,277	7,710	9,074	6,445	245.15%
Brazil	2,709	4,202	4,895	5,505	6,250	7,771	5,062	186.86%
Spain	2,589	2,395	2,602	3,932	5,011	5,195	2,606	100.66%
Italy	2,255	2,072	2,128	2,708	3,569	4,265	2,010	89.14%
France	3,108	2,879	2,674	2,915	3,176	3,739	631	20.30%
USA	2,556	2,525	2,708	2,693	3,047	3,405	849	33.22%
India	2,232	1,427	1,472	1,853	2,614	3,056	824	36.92%
Germany	2,096	2,098	2,160	2,141	2,160	2,407	311	14.84%
Lithuania	3,756	4,349	3,551	2,863	2,519	2,317	-1,439	-38.31%
Croatia	58	50	60	86	488	2,222	2,164	3731.0%
Portugal	1,128	792	715	1,136	1,584	1,950	822	72.87%
Hungary	1,808	1,597	1,566	1,990	1,882	1,725	-83	-4.59%
Venezuela	51	169	345	408	2,218	1,637	1,586	3109.8%
Pakistan	843	474	802	740	890	1,615	772	91.58%
China	1,284	989	941	1,147	1,113	1,429	145	11.29%
Latvia	3,909	3,127	2,191	1,760	1,568	1,310	-2,599	-66.49%
Republic of Korea	431	557	505	679	1,043	1,271	840	194.90%
Slovakia	1,793	1,285	1,014	1,138	1,094	1,082	-711	-39.65%
Netherlands	648	647	710	659	823	882	234	36.11%
Australia	1,018	694	557	591	637	882	-136	-13.36%
Bulgaria	278	296	279	469	878	881	603	216.91%
Canada	840	699	610	609	741	842	2	0.24%
Mexico	158	291	313	383	544	774	616	389.87%
All Other Countries	13,243	9,508	9,528	9,863	11,209	13,499	256	1.93%
Total	79,161	68,291	67,365	72,947	85,170	96,167	17,006	21.48%

Source: CSO

Work Permits

The Department of Jobs, Enterprise and Innovation manage the works permit system for Ireland[14]. A "General Employment Permit" replaces the previous "Work Permit Employment Permit." General Employment Permits are the primary vehicle used by the State to attract 3rd country nationals for occupations which are experiencing labour or skills shortages.

Unlike Critical Skills Employment Permits where the State specifies eligible occupations, General Employment Permits assume all occupations to be eligible unless otherwise specified. Therefore, all occupations are eligible unless excluded under the list of Ineligible Categories of Employment for Employment Permits.

The following agricultural and related trades are listed as ineligible categories:

- 5111 Farmers
- 5112 Horticultural trades
- 5113 Gardeners and landscape gardeners
- 5114 Groundsmen and greenkeepers
- 5119 Other agricultural and fishing trades

For further information visit: https://www.djei.ie/en/What-We-Do/Jobs-Workplace-and-Skills/Employment-Permits/

Currently it is not possible to get a work permit for a non EEA national to work in horticulture.

Migrants Rights

The Migrants Rights Centre Ireland[15] (MRCI) specialise in working on migrants rights in Ireland. Recognising the important role that migrants play in the Irish labour market the MRCI highlights, "*This trend of net inward migration is going to continue as the economy grows, and Ireland needs to act quickly to avoid repeating the mistakes of the past. Failure to reform our immigration and labour migration systems will waste resources and continue to leave people in limbo, without clear rights set out in law.*"

It is important for the horticultural industry that Irish labour law recognises the concerns of migrants and ensures that best practices are being applied to migrant workers. The legal framework must provide for the seasonal requirements of the horticultural industry and have the flexibility for employers to employ staff in line with its production and harvesting cycles.

Irish Labour Costs

Eurostat breaks down the actual cost of labour into its respective components as per Chart 9. This highlights the additional costs, over and above the gross wage bill, for businesses generally. Social contributions and a range of other costs must be considered in order to define an overall cost for labour.

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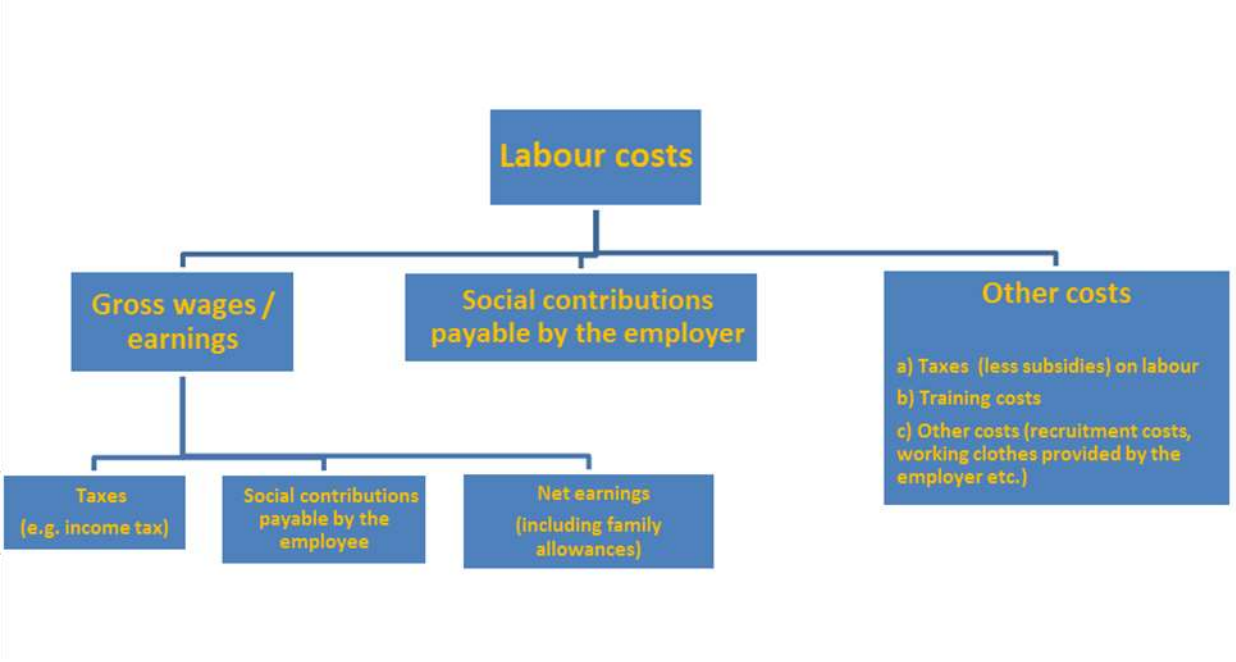
[14] www.djei.ie

[15] www.mrci.ie

Chart 9 Labour cost components



Source: Eurostat

In the Irish labour market, the Central Statistics Office monitors earnings and labour costs. "Other" labour costs consist of statutory social contributions (e.g. employer PRSI), non-statutory contributions (employer pension contributions), benefits in kind (BIK), other expenses (e.g. employer training expenses), redundancy payments and subsidies. The rates of statutory social contributions vary depending on the level of wage or salary that an individual receives, the status of the individual and their associated tax credits.

The 2015 average total earnings (including irregular earnings) in Ireland across all European industrial activity classification (NACE) economic sectors was €36,519 while the average total labour costs was €42,220. The difference between average earnings and total labour costs is made up of "other labour costs". Table 9 outlines the breakdown of these costs for 2015. Statutory social contributions are the main element of other labour costs and in 2015 represented 9.3% of average total earnings. Average other labour costs represented a significant 15.6% of average total earnings and 13.5% of average total labour costs. Minimising the administrative bureauracy for employing staff, is a priority for businesses.

Table 9 Average Annual Other Labour Costs Components for All Employees by European industrial activity classification (NACE)

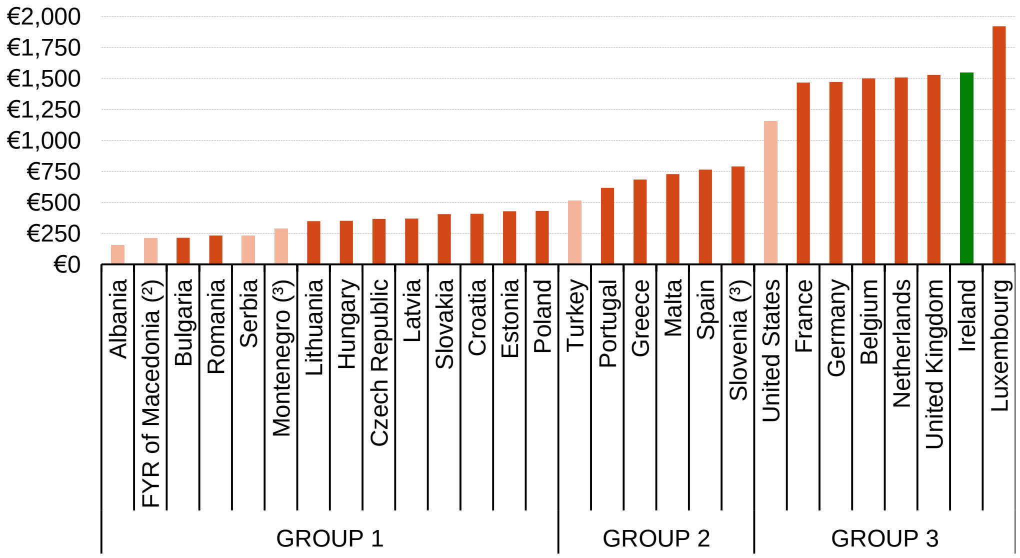
All NACE economic sectors	**2015**
Average Statutory Social Contributions (Euro)	€3,403
Average Non Statutory Social Contributions (Euro)	€1,670
Average Other Expenses (Euro)	€315
Average Benefits in Kind (Euro)	€364
Total Average Other Labour Costs (Euro)	€5,701

Source: CSO

European Minimum Wage Benchmarks

Chart 10 outlines the levels of minimum wages across a range of countries. Ireland is the second highest minimum wage after Luxembourg, however it sits within a narrow band of Group 3 countries. The U.K. is positioned next to Ireland followed by the Netherlands. The minimum wage must be considered in the broader context of taxation, social insurance and exchange rates being applied to each country.

Chart 10 Monthly Minimum Wages by country (January 2016)



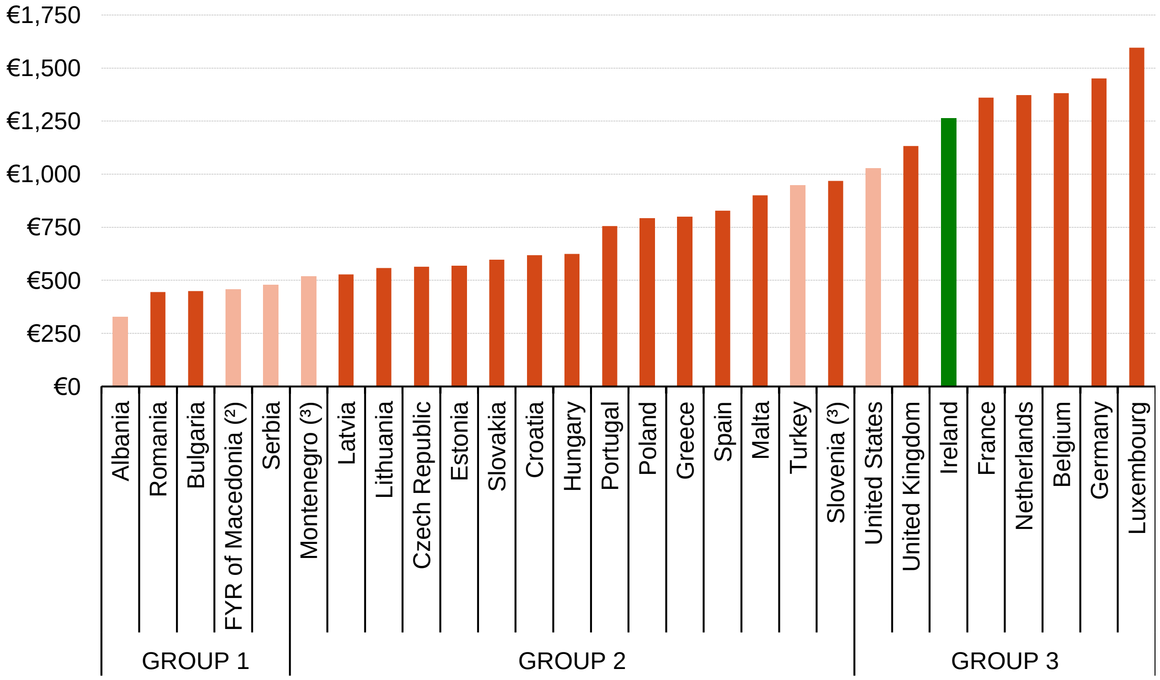
(¹) Denmark, Italy, Cyprus, Austria, Finland and Sweden: no national minimum wage.
(²) January 2015.
(³) July 2015.
Note: EU Member States outside of the euro area that have minimum wages (Bulgaria, the Czech Republic, Croatia, Hungary, Poland, Romania and the United Kingdom), as well as for Albania, the former Yugoslav Republic of Macedonia, Serbia, Turkey and the United States, the levels and ranking of minimum wages expressed in euro terms are affected by exchange rates.

Source: Eurostat

Expressing minimum wages in terms of purchasing power standards presents a different country ranking as per Chart 11. The gap between countries in the level of minimum wages is considerably smaller once price level differences are taken into account. This new measure compares gross minimum wages, taking into account differences in price levels, by applying purchasing power parities (PPPs) for household final consumption expenditure. Adjusting for differences in price levels reduces the variation between countries and changes the rankings. Countries in the third group with relatively high minimum wages in euro terms tended to have higher price levels, and their minimum wages in Purchasing Power Standard (PPS[16]) terms were often lower. This adjustment for price levels has the effect of partly smoothing the distinct breaks between the three different groups of countries that were identified when minimum wages were ranked in euro terms.

In terms of Ireland, its ranking shifts from second to sixth, however the U.K. remains lower than Ireland. The variance between Ireland and the U.K. will have accentuated in the context of the foreign exchange volatility that has occurred in recent weeks.

Chart 11 Monthly Minimum Wages by country (January 2016) PPS per month



(1) Estimates. Denmark, Italy, Cyprus, Austria, Finland and Sweden: no national minimum wage.
(2) January 2015
(3) July 2015.

Source: Eurostat

Ireland's minimum wage, expressed either in nominal terms or PPS terms, places the country within a group 3 category of countries. The ranking position next to the country's largest trading

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[16] PPS is the technical term used by Eurostat for the common currency in which national accounts aggregates are expressed when adjusted for price level differences using PPPs. Thus, PPPs can be interpreted as the exchange rate of the PPS against the euro.

partner would in normal circumstances be viewed as a strength, however it will need to be carefully monitored in the context of Brexit developments.

National Minimum Wage (NMW)

The Irish Low Pay Commission examines and makes recommendations to the Minister on the appropriate level of the national minimum wage on an annual basis. The most recent report by the Low Wage Commission was published in July 2016. It recommended an increase in the NMW of 1.1% to be applied from 1st January 2017.

The NMW was first introduced in 2000 and Table 10 details the changes to the NMW since that time.

Table 10 National Minimum Wage in Ireland

Date	**Minimum Wage**	**Change €**
1st April 2000	€5.58 (£4.40)	
1st July 2001	€6.00 (£4.70)	+ €0.42 (7.52%)
1st October 2002	€6.35 (£5.00)	+ €0.35 (5.83%)
1st February 2004	€7.00	+ €0.65 (10.23%)
1st May 2005	€7.65	+ €0.65 (9.28%)
1st January 2007	€8.30	+ €0.65 (4.22%)
1st July 2007	€8.65	+ €0.35 (4.22%)
19th January 2011	€7.65	- €1.00 (-11.56%)
1st July 2011	€8.65	+ €1.00 (13.07%)
1st January 2016	€9.15	+ €0.50 (5.78%)
1st January 2017	€9.25	+ €0.10 (1.1%)

Source: Irish Low Pay Commission

Between the introduction of the minimum wage in 2000 and Jan 2017, the minimum wage increased by 65.7%. During the period Jan 2000 to June 2016, the Consumer Price Index rose by 39.9%. The average annual minimum wage increase over the period 2000-2017 is therefore 3.9% per annum.

Table 11 details the current NMW rates that are applicable in Ireland for different types of worker.

Table 11 National Minimum Wage - Hourly Rates of Pay

	2011 - 2015 Rates	**Rate - 01/01/2016**	**Proposed Rate 01/01/2017**	**% of National Minimum Wage**
Experienced adult worker	€8.65	€9.15	€9.25	100%
Aged under 18	€6.06	€6.41	€6.48	70%
First year from date of first employment aged over 18	€6.92	€7.32	€7.40	80%
Second year from date of first employment aged over 18	€7.79	€8.24	€8.33	90%
	Employee aged over 18, in structured training during working hours[17]			
1st one third period	€6.49	€6.86	€6.94	75%
2nd one third period	€6.92	€7.32	€7.40	80%
3rd one third period	€7.79	€8.24	€8.33	90%

Source: Irish Low Pay Commission

In calculating the National Minimum Wage, the gross wage includes the basic salary and any shift premium, bonus or service charge.

If an employee receives board and/or lodgings i.e. food and/or accommodation from an employer, the maximum amounts that can be deducted are:

- €54.13 for full board and lodgings per week, or €7.73 per day
- €32.14 for full board only per week, or €4.60 per day
- €21.85 for lodgings only per week, or €3.14 per day

Sub-Minima rates have been calculated in accordance with the percentages set down in the National Minimum Wage Act, 2000.

Source: www.lowpaycommission.ie

The 2015 *Recommendations of the Low Pay Commission for National Minimum Wage* report details the total employer cost for employees taking into account PRSI, income tax and USC charges. (see Appendix 5)

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[17] Training must be as prescribed by the Minister in regulations.

Each one third rate must be no less than one month and no more than 12 months.

U.K. National Minimum Wage

Table 12 details the current national minimum wage and national living wage rates applicable from 1 April 2016. The impact of varying Sterling/Euro exchange rates are detailed for comparison purposes.

Table 12 U.K. National Minimum Wage Rates

Year	25 and >	21 to 24	18 to 20	Under 18	Apprentice
April 2016	£7.20	£6.70	£5.30	£3.87	£3.30
€ equivalent based on £0.90 FX	€8.00	€7.44	€5.88	€4.30	€3.66
€ equivalent based on £0.85 FX	€8.47	€7.88	€6.23	€4.55	€3.88
€ equivalent based on £0.71 FX	€10.14	€9.44	€7.46	€5.45	€4.65

National Minimum Wage rates change every October while National Living Wage rates change every April. Workers must be aged 25 to get the National Living Wage while the minimum wage will apply to workers aged 24 and under.

Apprentices can get the apprentice rate if they are under 19 or in the first year of their apprenticeship.

Apprentices are entitled to the minimum wage for their age if they are either:

- 19 or over
- have completed their first year

Table 13 details the 2010-2016 rates for the UK National Minimum Wage / National Living Wage.

Table 13 U.K. National Minimum Wage 2010-2015

Year	25 and over	21 to 24	18 to 20	Under 18	Apprentice
2016	£7.20	£6.95	£5.55	£4.00	£3.40
2015		£6.70	£5.30	£3.87	£3.30
2014		£6.50	£5.13	£3.79	£2.73
2013		£6.31	£5.03	£3.72	£2.68
2012		£6.19	£4.98	£3.68	£2.65
2011		£6.08	£4.98	£3.68	£2.60
2010		£5.93	£4.92	£3.64	£2.50

Source: www.gov.uk

The Living Wage

The Living Wage is defined as "*a wage which makes possible a minimum acceptable standard of living*" as compared with the National Minimum Wage, which is not based on the cost of living.

A living wage is intended to establish an hourly wage rate that should provide employees with sufficient income to achieve an agreed acceptable minimum standard of living i.e an income floor, representing a figure, which allows employees afford the essentials of life. In 2015 the Living Wage in Ireland was set at €11.50 per hour.[18]

Registered Employment Agreements

A Registered Employment Agreement (REA)[19] is a collective agreement made either between a trade union or unions and an individual employer, group of employers or employers' organisation, which relates to the pay or conditions of employment of specified workers. The effect of registration is to make the provisions of an REA binding. An REA can deal with any matter that comes under the general heading of pay or conditions of employment. An Agreement may provide for the variation of any of its provisions. Each REA must contain a disputes procedure that is binding. Any contraventions of a Registered Employment Agreement may be referred to the Workplace Relations Commission (WRC) for appropriate action.

On foot of a request, the Labour Court can carry out an examination of the remuneration, sick pay or pension scheme of workers in a particular economic sector. The Labour Court may then make a recommendation to the Minister for Jobs, Enterprise and Innovation to make a "sectoral employment order" for such matters as remuneration (overtime, unsocial hours, Sunday working, travelling time etc.), pension or sick pay scheme.

Summary of Key Industry Labour Challenges and Priorities

- Impact of minimum wage increases for an industry with high labour content
- Maintaining staff skills in a labour pool which is seasonal in nature
- Lack of new entrants to industry especially within the fruit and vegetable sectors
- Accommodation costs for staff
- Accommodation provision for seasonal workers
- Guaranteeing ongoing supply of European labour
- Living Wage would increase wage burden beyond the NMW
- Developing closer links between training courses and business needs
- Using short training courses as Continuous Professional Development in line with business requirements and business activity.
- Developing closer job links between students and horticultural enterprises.
- Competing with State unemployment supports when trying to recruit staff for part-time or seasonal employment.
- Horticulture sector not being listed as a job category on the job seekers website
- Implement annual skills survey

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[18] www.livingwage.ie

[19] www.workplacerelations.ie

- Focus on supporting training within businesses that will assist businesses grow and expand especially with upskilling new staff
- Specialist advice on the labour market
- Introduction of a full time green keeping course

Appendix 1 Brexit Economic Background

The Brexit referendum of 23rd June 2016 has caused both the economic and political backdrop to Europe and the world to become increasingly volatile and uncertain.

- The UK is the largest export market for Irish food and drink products. In 2016 over €4.15billion or 37% worth of agricultural products were exported to the UK. The implications of Brexit extend across the full spectrum of agricultural and horticultural products
- The sterling drop in value will increase competition from UK imports while also making Irish food exports suffer due to lower prices across the agri-food sector
- The cost of doing trade with the UK would be likely to increase
- Lower levels of economic growth in the UK will impact on Irish exports
- As exports become more challenging, it is likely that additional agri products will be targeted at the domestic market and this may cause over supply on the home market
- Businesses will be less likely to invest due to the economic instability and therefore the prospects for business growth will be diminished
- At a macro level, concerns are being expressed about how Irish national growth targets could be curtailed by the impact of Brexit and what scope the Government will have to continue to develop and expand economic growth with such an uncertain backdrop.

While the commencement of Brexit negotiations between the UK and the EU is planned to be triggered in March 2017, it is impossible to predict the outcome of such negotiations.

The UK currently accounts for 17% of Irish exports. Within this, the agri-food sector will be most affected, with 44% of exports from this sector destined for the UK. IBEC has also examined the economic impact of Brexit on Ireland’s agri-food sector. Its analysis of the historical exchange rate and agri-food export relationship shows that a 1% weakness in sterling results in a 0.7% drop in Irish exports to the UK.

Supply and demand of labour is directly linked to economic development. Traditionally there have been large migratory flows between Ireland and the UK. The Irish economic recession was a key driver for emigration to the UK and elsewhere. Between 2011 and 2013 approximately 60,000 people moved from Ireland to the UK. The free movement of labour with the UK and Europe is a matter of strategic concern to Ireland’s economy.

The impact of Brexit on the Euro / Sterling exchange rate is a major concern for horticultural export businesses. Over the course of August 2015 to October 2016 Sterling have moved from an exchange rate of £0.71 to over £0.90 (Chart1). For businesses exporting goods and services to the UK, the volatility of the exchange rate and the steep devaluation of sterling is a major concern that is affecting their competitiveness.

Appendix 2 Horticultural Industry Summary Profile

Sector	Estimated Farmgate Output
Soft Fruit & Protected Vegetables	€69,842,000
Field Vegetables	€69,700,000
Top Fruit	€4,880,000
Mushrooms	€ 137,000,000
Potatoes	€ 76,000,000
Honey	€ 1,452,000
Other	€1,194,000
Food Total	360,068,000
Nursery stock	€26,913,000
Christmas trees	€ 9,679,000
Turf grass	€ 1,369,000
Protected Amenity	€ 17,465,000
Cut foliage, outdoor flowers & bulbs	€8,091,000
Amenity Total	€ 63,517,000
TOTAL Food & Amenity	**€ 423,585,000**

Appendix 3 National Skills Strategy 2025

IRELAND'S NATIONAL SKILLS STRATEGY 2025

The Department of Education and Skills 2025 Strategy sets out the following objectives:

1. Education and training providers will place a stronger focus on providing skills development opportunities that are relevant to the needs of learners, society and the economy.

2. Employers will participate actively in the development of skills and make effective use of skills in their organisations to improve productivity and competitiveness.

3. The quality of teaching and learning at all stages of education will be continually enhanced and evaluated.

4. People across Ireland will engage more in lifelong learning.

5. There will be a specific focus on active inclusion to support participation in education and training and the labour market.

6. We will support an increase in the supply of skills to the labour market.

Appendix 4 Annual Employment Survey

Annual Employment Survey 2015

An Roinn Post, Fiontar agus Nuálaíochta
Department of Jobs, Enterprise and Innovation

IDA Ireland

PRIMARY CONTACT NAME
COMPANY NAME
Address 1
Address 2
Address 3
Address 4

Wilton Park House
Wilton Place
Dublin 2

Tel: (01) 6034000
Fax: (01) 6034040

14 October 2015

PLANT ID HERE

ANNUAL EMPLOYMENT SURVEY

Dear Sir/Madam,

The Strategic Policy Division of the Department of Jobs, Enterprise and Innovation has a mandate to coordinate and advise on industrial policy and has responsibility to carry out the Annual Employment Survey with the assistance of IDA Ireland's regional offices. Employment data is critical to the development of industrial policy and consequently in helping to create new jobs. Your response will indicate agreement to its possible use for planning analysis purposes by Government departments and state agencies authorised by the Department of Jobs, Enterprise and Innovation. All responses to the Annual Employment Survey are received on an agreed understanding of confidentiality, consistent with our obligations under Irish law. All results will be published in a form that will not identify individual businesses and information will not be communicated to any third party except as is specifically required for the consideration and evaluation of the response. Finally, the information is combined with survey information from other enterprise state agencies to assist in evaluating and formulating industrial policy using a single comprehensive data source.

We would appreciate if you would help, once again, by supplying *your best estimate of employment as at **31 October***, as set out in the boxes below.

I would appreciate your reply by 6 October and enclose a business reply envelope for your convenience.

Thanking you for your assistance.

Please print CRO Number in the box below

Divisional Manager, IDA Ireland

1. Full-time Employees	
31 October 2014	
31 October 2015	

2. Other Employees	
31 October 2014	
31 October 2015	

Definitions:

1. Number of Full-time employees in your establishment (Include executives, drivers, sales staff and full-time agency workers. Exclude those based permanently overseas). For the purposes of this survey, full-time employees can be taken as those who work full hours (i.e. no reduced working hours) and have contracts of nine months or longer or who will be on contracts of nine months or longer on the 31st October 2015.
2. Other employees are part-time, temporary, short-term contract and agency workers employed on a part-time or short-term basis or employed on contracts of less than nine months. Exclude those based permanently overseas.

Agency workers are staff hired from a recruitment agency normally working temporarily for an employer. While not generally on a firm's payroll, the number of agency staff should be recorded on the Employment Survey in the same manner as other, directly employed staff, i.e. if they are full-time (as defined above), they should be Full-time staff. Otherwise they should be included in the Other Employees category.
For recruitment agencies undertaking the Employment Survey, only core retained staff should be recorded. Please do not include outsourced staff working in client firms.

Signed:____

Position:____

Please print your name in Block Capitals: ____

Appendix 5 Extract from National Minimum Wage Report 2015 - Effect of PRSI, Income Tax and USC at varying pay rates

	MW	**Annual salary**	**PRSI**	**Income Tax**	**USC**	**NET Annual**	**Net annual Gain**	**Total employer Cost**
Single no Children 40 hours a week	8.65	17,992.00	-	298.00	404.00	17,290.00		19,521.32
	8.70	18,096.00	-	319.00	411.00	17,366.00	76.00	19,634.16
	8.80	18,304.00	-	361.00	426.00	17,517.00	227.00	19,859.84
	8.81	18,324.80	733.00	365.00	427.00	16,799.80	- 490.20	19,882.41
	9.00	18,720.00	749.00	444.00	455.00	17,072.00	- 218.00	20,732.40
	9.08	18,886.40	755.00	477.00	467.00	17,187.40	- 102.60	20,916.69
	9.16	19,052.80	762.00	511.00	478.00	17,301.80	11.80	21,100.98
	9.20	19,136.00	765.00	527.00	484.00	17,360.00	70.00	21,193.12
	9.35	19,448.00	778.00	590.00	506.00	17,574.00	284.00	21,538.66
	9.65	20,072.00	803.00	714.00	550.00	18,005.00	715.00	22,229.74

	MW	Annual salary	PRSI	Income Tax	USC	NET Annual	Net annual Gain	Total employer Cost
Married (sole earner) no children 40 hours a week	8.65	17,992.00	-	-	404.00	17,588.00		19,521.32
	8.70	18,096.00	-	-	411.00	17,685.00	97.00	19,634.16
	8.80	18,304.00	-	-	426.00	17,878.00	290.00	19,859.84
	8.81	18,324.80	733.00	-	427.00	17,164.80	- 423.20	19,882.41
	9.00	18,720.00	749.00	-	455.00	17,516.00	- 72.00	20,732.40
	9.08	18,886.40	755.00	-	467.00	17,664.40	76.40	20,916.69
	9.16	19,052.80	762.00	-	478.00	17,812.80	224.80	21,100.98
	9.20	19,136.00	765.00	-	484.00	17,887.00	299.00	21,193.12
	9.35	19,448.00	778.00	-	506.00	18,164.00	576.00	21,538.66
	9.65	20,072.00	803.00	-	550.00	18,719.00	1,131.00	22,229.74

NOTE: USC 1.5% on first €12,012; 3.5% on next €5,564 & 7% >€17,576::::PRSI: 4% on everything once exceed €18,304.

Source: Low Pay Commission