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Executive Summary

The spread of bogus self-employment in the construction industry is leading to a loss of PRSI and tax revenue but raises wider issues concerning both working conditions and the long-term strength of Irish construction.

This report derives from TASC's ongoing *Working Conditions in Ireland* project. This uses statistical material including our own analysis of the Quarterly National Household Survey (QNHS) micro-data. The core of the project is interviews with workers in different sectors of the economy including construction.

While the growth of self-employment has been widely welcomed, research suggests that this is sometimes simplistic. There is a long-standing discussion in social science research about constrained self-employment, where self-employment is a forced choice resulting from lack of 'real' jobs. A relatively new issue is concern over 'dependent workers' or 'bogus self-employment'. Here workers are formally self-employed but in fact have the obligations of ordinary workers without the protection of much employment law. This also reduces tax and social insurance income for the state and is effectively a way to cut labour costs.

Self-employment has been growing within the Irish construction industry. The self-employed proportion of the workforce reached a recent peak of around 40% in 2013, but this proportion has now fallen slightly as overall employment in the industry has recovered. Of these self-employed nearly two thirds do not have any employees; most of these self-employed are craft workers. The growth of self-employment is part of a process of casualization which is linked to the extension of sub-contracting chains in the industry and the supply of unskilled workers by agencies. Leading firms in the industry have been systematically reducing the amount of direct employment.

The 'bogus' or 'constrained' self-employed are located within the self-employed without employees. Interviews show that the offer of employment is often conditional on accepting a status as self-employed. This can be achieved by the employer (the principal subcontractor) without any intervention by the designated worker. The process is entirely self-administered and the checks to prevent bogus self-employment are purely formulaic.

Bogus self-employment results in loss of PRSI income which is unlikely to be compensated for by lower claims. We estimate that a minimum of 25% of those reported as self-employed without employees are 'bogus' or 'constrained' self-employed; they amount to nearly 7% of the industry workforce. This minimum figure would generate a loss of PRSI contributions of €21m per annum. In fact, the annual loss will be a multiple of this and closer to the upper bound figure of €83m per annum. The RCT on-line system also leads to losses of tax income and appears to facilitate actual evasion. However, at this stage of our research we are not able to quantify this.

The spread of bogus or constrained self-employment is part of a broader problem of short-termism in the Irish construction industry where competition risks becoming a race to the bottom – 'degenerative competition'. Working conditions have deteriorated as has the skill base of the industry. One desirable and immediate change would ensure that the PRSI contributions generated by the self-employed are increased to become equivalent to those generated by employees; this would enable both employees and self-employed to avail of the same PRSI-funded benefits.

Introduction

Work on Irish construction sites often involves ‘bogus’ self-employment. At its simplest, instead of paying a worker wages for doing a job, the firm pays the worker as a self-employed person providing a service. This report documents the growth of this practice and highlights its negative consequences for workers, for the state’s finances, and indeed for the industry itself.

The first section of the report contextualises the issue by outlining the debate over the growth of self-employment, showing how empirical research challenges many contemporary assumptions. The next section of the report examines the growth of long sub-contracting chains and casual employment in the Irish construction industry; the subsequent section then documents the expansion of bogus self-employment. Against this background the report then presents estimates of the extent of bogus self-employment and its costs to the state. In conclusion the report suggests that bogus self-employment is part of a wider problem of ‘degenerative competition’ within the Irish construction industry.

This report uses data from TASC’s ongoing *Working Conditions in Ireland Project*. The project focuses on four sectors of the Irish economy: accommodation and hospitality, construction, financial services, ICT and software. The research uses statistical data, especially Quarterly National Household Survey (QNHS). For the QNHS we use both the results published by the CSO and our own analysis of the micro-data made available by the CSO through the Irish Social Survey Data Archive - permission for use is here acknowledged (see Appendix 5 for details). The project also uses interviews with experts with knowledge of the different sectors. The core of the project is a programme of extensive qualitative interviews with workers in the four sectors; all interviews are recorded and transcribed. As is normal in this type of research, these individual interviews are confidential and the transcripts are redacted to protect the anonymity of the respondents. In this report direct quotations from the interviews are indented and in italic.

From entrepreneurs to dependent self-employed

In the 1980’s governments re-discovered small business. Instead of being understood as backward hangovers from an early age, small businesses were seen as a source of innovation and job creation. In parallel, ‘entrepreneurship’ became defined as one of the most valuable personal qualities and to be an ‘entrepreneur’ was to embody all sorts of wonderful virtues. Today promoting self-employment is seen as desirable and the self-employed are seen as uniquely valuable individuals. In particular, self-employment is seen as one solution to unemployment. In this context, any growth in self-employment is welcomed.

Against this almost religious fervour, sceptical voices sometimes seem as likely to be heard as secularists in 17th century Spain. Nonetheless, it is clear that any blanket enthusiasm for entrepreneurship and in particular for self-employment is misplaced. Empirical research has raised two basic problems: the rationale or motivation for self-employment, the extent to which self-employment really is autonomous.

The entrepreneurship rhetoric assumes that people choose to become self-employed because they want to become autonomous and be masters of their own fate; they want to make their own fortune or at least earn a living without being dependent on someone else. Alternatively, people may become self-employed as they simply cannot find a job or at least a job that will pay them adequately. In a now classic paper Bögenhold and Staber (1992) contrasted the first motivation, the ‘logic of autonomy’, with the second, which they termed the ‘logic of necessity’. Historically, so they argued, self-employment has been a response to mass unemployment. Unable to find a job, unemployed workers and their families move into activities like small scale trading or open small shops (the ‘Tante Emma Läden’ corner shops of working class districts of Weimar Germany): ‘In Germany for example total employment

declined from the late 1920s to the mid-1930s, while the number of self-employed rose' (229). Using data from eight OECD from the 1950s to 1987, they showed that changes in self-employment are essentially counter-cyclical: 'At the macro-level, self-employment tends to increase in times of high unemployment and slow economic growth'.

Although Bögenhold and Staber stressed that the self-employed are very varied, their data analysis treats the self-employed as a homogenous category (Meager 1992)¹. More recent work has disaggregated the self-employed. Early studies on small business owners had already differentiated between (1) the self-employed working only for him/herself (2) the self-employed working alongside his/her employees (3) the owner-controller and finally (4) the owner-director at the summit of a formal management hierarchy (Scase and Goffee 1980). From the 1990s onwards a particular concern was to differentiate within the first of these categories. It was clear that while many in professional and management occupations were working as relatively well-paid independent 'consultants', there were also many self-employed with minimal earnings and whose work seemed to have more in common with that of employees than the traditional self-employed.

At its simplest, an employee is somebody who works for somebody else; so long as the employment lasts, the employee is subordinate to the employer's instructions. This is an inherently unequal relationship, and restraining this inequality of power is a fundamental rationale for labour law and employment regulation. By contrast, the self-employed person sells a product or a service to customers: it is the self-employed person who decides how the work is to be actually done. This is a much more egalitarian relationship, and it is governed by the law of contract. Dependent self-employment occurs when the self-employed person is in fact on the receiving end of an unequal relationship.

Whether or not someone is 'really' self-employed will depend of course on how self-employment is defined. A frequently used definition is that the 'really' self-employed:

- has more than 1 client
- is able to hire employees (even if s/he does not currently have employees)
- can make important decisions about the work.

Using the 2010 European Working Conditions Survey, Eurofound (2013) defines 'dependent workers' as those self-employed without employees who do not meet at least two of these conditions (see also OECD 2000). All in all, such dependent workers amount to 0.9% of employment in the EU27. In terms of sectoral distribution, they are especially concentrated in the 'other services' sector, followed by the construction and transport sectors. In terms of occupation, dependent workers are concentrated in elementary occupations. While they have higher autonomy at work than employees, their crucial distinguishing feature is that they are most likely of all employment statuses to report 'difficulty making ends meet' and are over-represented in the lower third of the income distribution.

Finally a growing number of people are working as self-employed through on-line platforms (Uber, Airbnb, PeoplePerHour, etc.) in the so-called 'gig economy'. According to one on-line survey, over 10% of UK adults had undertaken some work through such a platform in the last year and for about a quarter of these, such work was their main source of income (Huws and Joyce 2016). Platforms such as Uber claim of course to be acting as employment agencies, linking customers and (self-employed) suppliers, but especially the case of Uber shows that they may be seen as employers. An Uber car-driver may be self-employed in terms

¹ Another crucial criticism which remains pertinent to contemporary discussions is the relationship between *the stock* of self-employed and the *inflow* into self-employment. The 'necessity push' argument is about inflows (as unemployment rises, more people become self-employed) but the data is the stock of self-employed people (Meager 1992).

of tax, but s/he would be classified as a ‘dependent worker’ according to the criteria of the Eurofound study.

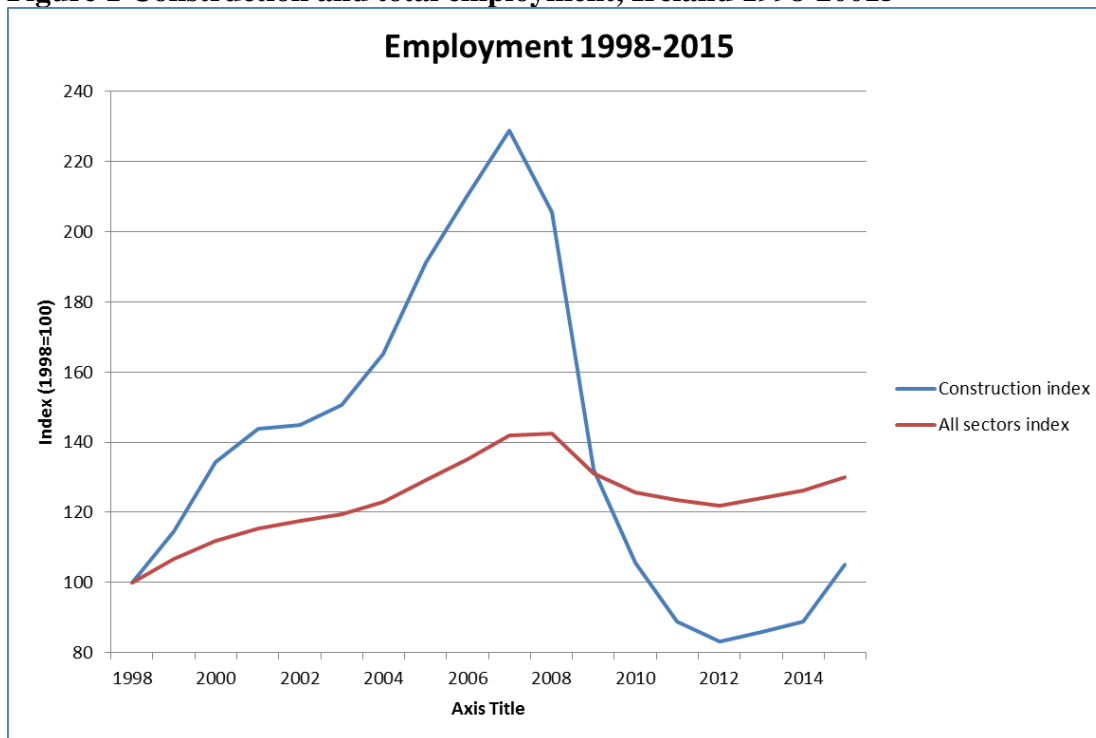
Even before the sudden emergence of online agencies, the employment status of many workers was unclear. A UK study in the late 1990s estimated that, while 86% of all at work considered themselves as employees and 13% as self-employed, fully 30% had an employment status that was not ‘completely clear’ so that the proportion of those who could be defined as ‘workers’ ranged between 80% to fully 92% (Burchell et al, 1999). UK employment law seems to involve a series of overlapping criteria. An individual’s employment status depends on four tests: control, integration into the firm, economic reality and mutuality of obligation (Appendix 1) and these may not all point in the same direction (Behling and Hervey 2015). In the UK a worker’s status in employment law does not simply match with his/her fiscal status. However, Behling and Harvey suggest that the ambiguity in employment law opens the way to ‘bogus self-employment’ in the UK.

Sub-contracting chains and casualisation in the Irish construction industry

In all advanced societies employment in construction is normally between 5% and 10% of total employment. The industry is of course distinctive in that its product – buildings and infrastructure – have to be created on site. Unlike in manufacturing, no national economy can do without construction completely. Although many components are manufactured off-site, and (especially in the USA) there has been some move towards greater pre-fabrication, this move from construction into manufacturing has not led to any major decline in employment within the construction sector itself. The construction industry is also extremely pro-cyclical – rises and falls in employment move in line with changes in the overall economy. Given that the ‘products’ of the industry are once-off and unique, they depend on decisions that can be easily deferred.

As in particular Bosch and Philips (2003) argue, these factors all mean that construction enterprises operate in an industry that is essentially high risk and short term. In the absence of countervailing forces, construction, so they suggest, tends towards a model of small firms with limited fixed capital and unskilled workers with limited human capital. These are ‘knitted together’ by subcontracting chains. Firms are engaged in a series of disparate relatively short term projects so that skills are specific to occupations in the industry with virtually no firm or product specialisation. As a result, overall firms have little incentive to invest in training their workers and developing their skills. Worse, firms can become locked into a spiral of ‘degenerative competition’ where the competitive strategy is based on ever cheaper and more expendable labour (Behling and Hervey 2015).

Figure 1 Construction and total employment, Ireland 1998-2015



Source: CSO Statbank (QNHS)

The Irish construction industry seems to exemplify these arguments. Figure 1 shows fluctuations in total employment in the sector over time in both construction and total employment: fluctuations in construction are a multiple of total employment. As the Celtic Tiger boom of the 1990s turned into the bubble of the mid-2000s construction industry employment ballooned to fully 13% of total employment in 2006, before contracting to a minimum of 5.4% in 2012 after the bubble burst. Total employment in construction reached a peak of 274,000 in 2007 and a low of 96,000 in 2013. The expansion of employment was largely due to the expansion of housing construction. Importantly, this expansion was purely quantitative: it involved more and more of the same product with the same technologies. As normal in bubbles, there was little technological innovation and possibly even regression (Wickham 2012).

The construction was also characterised by extensive sub-contracting and this was then exacerbated during the crisis. The large building firms now became essentially project management companies. In the past building contractors had a core workforce which would move from one project to another, but now they use subcontractors to find and deploy almost all the labour used on the building sites:

There is only 18 GOs [General Operatives] now. So that's coming right down from maybe 150, 170, 180, 200...There would a banksman on cranes for 12 years non-stop...That's what me job was. Now their thinking is – get the subcontractor to maintain the crane, get the subcontractor to clean up after... And there is no need for direct labour as much anymore, because we are going to get the subcontractor.

General Operative

These subcontractors in turn usually divide up the work between another layer of subcontractors. Thus the length of the subcontracting chain is partly the result of the changing employment strategies of the large companies. One competitive strategy has clearly been to reduce the level of direct employment and to outsource work as much as possible to subcontractors. This in turn pressurises each subcontractor to pursue a similar strategy. Firms

that were unable or unwilling to pursue this strategy have found they were uncompetitive in several building sectors which they have simply abandoned.

Figure 2 shows how self-employment has become more important in the Irish construction industry in the last ten years. Whereas in 2005 23.5% of all those at work in the industry were self-employed, by 2013 this had reached fully 40.8%. Figure 2 also shows that much of this self-employment is in fact individuals working by themselves with no other employees: in 2013 nearly three quarters (73.0%) of these self-employed had no employees. As the Figure also shows, these changes accelerated during the crisis but reversed after 2013: in 2015 the proportion of self-employed had fallen back to 36.7% and the proportion of self-employed who were without employees had fallen back to 68.3%. During the crisis, in other words, direct employees were especially like to lose their jobs, and in particular recently arrived migrants in construction left while many of those who had been employing other workers started working only for themselves.

Figure 2 Irish construction industry: self-employment 2005-2015



Source: CSO Statbank (QNHS)

Given that total employment in construction was rising until the peak in 2007, Figure 2 shows how the share of self-employment had started to grow even before the crisis. In the crisis total numbers of all employment categories declined, but the fall in the self-employed without any employees was significantly less than that of either employers or of employees. Accordingly whereas in 2008 the self-employed without employees amounted to 13.8% of all at work in construction, by 2015 the proportion had reached 26.5%. Conversely, whereas in the bubble years around three quarters of those at work were employees, by 2015 this was the case for less than two thirds.

Table 1 Construction Industry: Occupational Structure

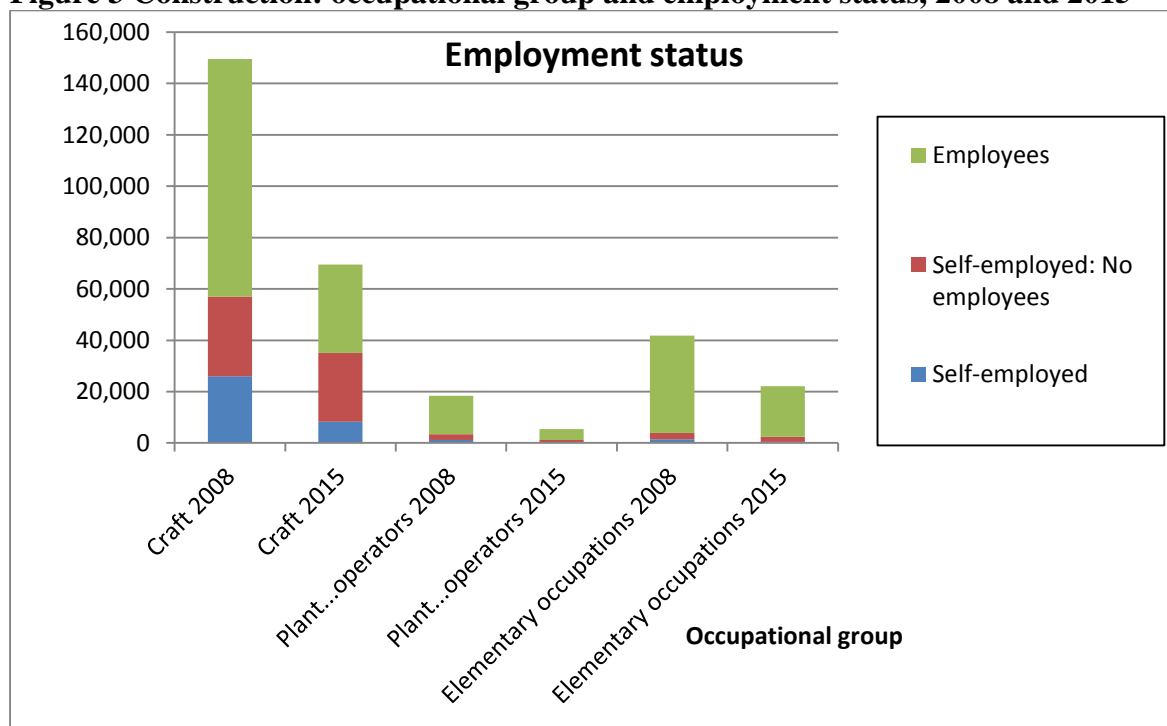
	2007 (%)	2015 (%)
Managers	2.8	6.9
Professionals	1.9	3.6
Technicians & associated professionals	3.2	4.4
Clerical support workers	3.3	3.3
Service and sales workers	1.0	3.2
Craft and related	60.5	55.6
Plant and machine operators	7.2	4.3
Elementary occupations	19.9	17.8
<i>Total* (N)</i>	<i>273,831</i>	<i>125,947</i>

* Occupational category 'Skilled agricultural...workers' omitted

Source: QNHS own analysis

These changes in employment status interweave with changes in the occupational structure of the sector. The industry is dominated by manual occupations within which craft workers are especially important. As Table 1 shows, over three quarters of those at work in the industry are in manual occupations. However, as total employment collapsed after 2008 there was some change in the relative weight of the different occupational groups as non-manual workers were somewhat less likely to lose their jobs. Total employment of craft workers fell, but by 2015 a significantly larger proportion of craft workers were self-employed without employees than had been the case in 2008. Figure 3 shows the changing composition of the three main manual occupational groups. In 2008 the 150,000 craft workers were mostly (62%) employees, but by 2015 of the 70,000 still at work, this was the case for less than half of them (49.2%).

Figure 3 Construction: occupational group and employment status, 2008 and 2015

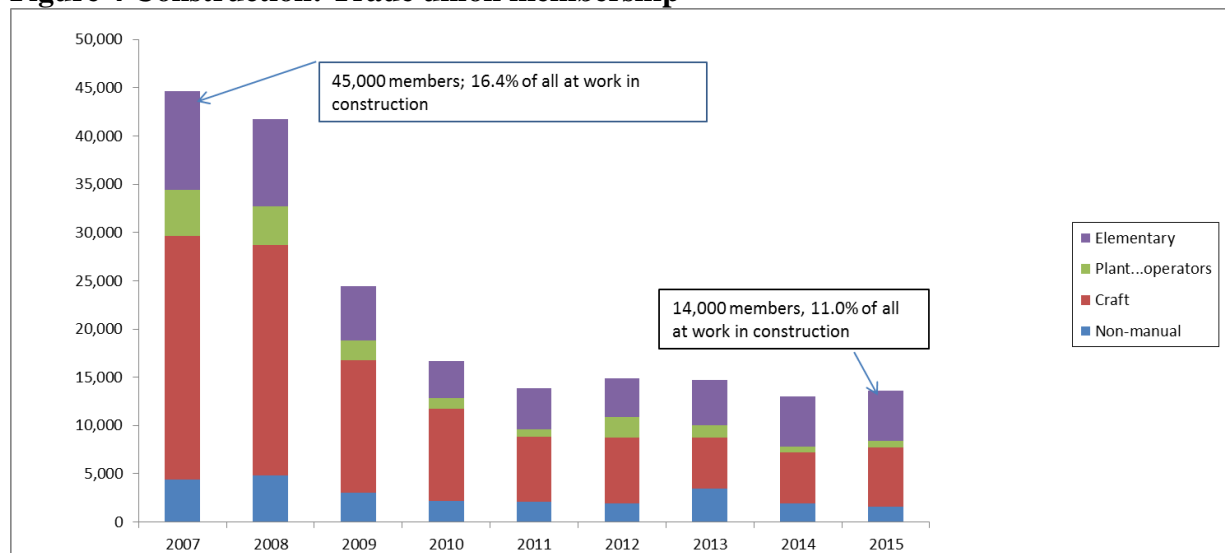


Source: QNHS own analysis

These changes have also impacted on trade union membership in the industry. Overall trade union membership has been falling (Figure 4). Union density is conventionally defined

as the proportion of employees who become union members. In these terms density has declined from 25.0% in 2008 to 18.0% in 2015; amongst craft workers the decline has been from 26.4% to 17.8%. Yet these percentages do not show the extent of decline. In 2008 there were 45,000 trade union members reported, in 2015 just under 14,000 (Appendix 3). The major cause of the decline is of course the dramatic fall in total employment. However, conventional density figures by definition exclude changes in the number of people eligible to become union members. In the case of construction, and in particular in the case of craft workers, there are simply fewer workers who are employees and thus eligible for union membership².

Figure 4 Construction: Trade union membership



Source: QNHS own analysis

The length of the sub-contracting chain is also influenced by the nature of the project. For example, industrial facilities such as chemical or pharmaceutical plants require high specification complex piping systems and these in turn can only be supplied by specialist plumbing firms with semi-proprietary knowledge and skills. Accordingly here there remain specialist firms with a significant number of employees.

At each level of the sub-contracting chain, the profit depends on the difference between the price the contractor receives for the contract and the price paid to the contractors who will carry out the work. Thus a culture can develop where the contractor's profits depend upon squeezing the subcontractors.

[Quantity surveyors] they price a job, say, for instance, a 2 million job, on the basis that the job should have been priced at 2.5 million. And they've won that call on the basis that they are burning all the subcontractors down the way, for the 500 grand. And that's how they make it up. Union official

Thus the workers employed on the site are paid not by the main contractor, but by the sub-contractor or sub-sub-contractor. A layer of subcontractors have emerged who simply deploy unskilled workers. Here pay has been pushed down to the minimum wage or even below and the labourers are often immigrants. Sources in the industry also report that many of these workers on Dublin construction sites are brought in by direct employment agencies from Northern Ireland and are able to pay low wages because these workers are also receiving unemployment benefits in Northern Ireland. Equally, it is claimed that the Back to Work

² In the QNHS the question relating to union membership is only asked of respondents who define themselves as employees. It is quite possible that many craft workers who report themselves as self-employed nonetheless have union membership – they would not be included in these figures (Appendix 5).

Scheme now functions as a wage subsidy – several of our interviewees stated that they could only afford to work at the going rates because of the Scheme. Indeed, it is not unknown for workers to be placed on the Scheme even though they have not actually been fully long term unemployed.

The long subcontracting chain ensures the erosion of normal employment relations:

In the past] you would get the hourly rate. You would get compensated, you would be paid. If it rained, the builder would keep you there, and as he was paying, he would find something for you to do. Inside...they'd have something. 'Do this, do that, wrap it up, get it done'. So they would get work out of you. I mean if you are working for a subbie, you have 6 men there, a machine breaks down at 10 o'clock – 'You have to go home lads, there's nothing for you today'. Bricklayer

As well as the fragmentation of the workforce so that workers on the same job on the same site are often on different rates even if they are working for the same subcontractor:

One fella could be on 12 euro per hour and the other on 16 euro. So that keeps everybody quiet. Divide and conquer as they say. Nobody will open their mouth if they are on different money. General operative

While pay itself can become irregular and unpredictable:

The subcontractor] gets away with it because most men are working men... You go to work for a week and 'It will be on Wednesday, the cheque will come through, don't worry about it'. And the next Wednesday now you're nearly two weeks there, and you start chasing money, and he says 'Hang on here for another week'. Me – I actually dragged him into a room. At the end of the day you have to stand your ground [and say] 'I want my money'. Bricklayer

By contrast, sub-contractors who are bidding for contracts that require more skilled labour have increasingly attempted to cut their costs by replacing direct employment with self-employment. The worker still carries out tasks which are specified by the contractor who also supplies all the material and equipment, but does this himself as another contractor.

Schematically, casualisation involves the use of self-employment for skilled (craft) workers and agency work for unskilled labourers ('operatives'). However, the dividing line between the two forms of employment is not rigid. Many employment agency companies place skilled workers but also supply skilled labour which is not actually employed by the client company (see Appendix 2). Both unskilled and skilled workers often work in groups in which one member is defined as the contractor who then pays the others. By repute this is especially the case with Romanian workers:

The Romanians are clever and they know the system. A lot of them would have signed on when they got here, on the system and a lot of them are on the Back to Work scheme...So they are getting the dole, they are getting their rental supplement and then you would have one who would be the principal contractor and you would be giving him 80... 'You 60', 'You 50'. Now, they're not big earners and I've seen what they do and I've seen various jobs where I've been foreman and I've been given envelopes to pay them. Bricklayer

Now, where I am at the minute, we have...the company putting up the plasterboard and stuff like that, there is 45 of them working there. 45 and they are Romanian. There is no Irish worker working with them. And 35 out of 45 are working on the old C45, or whatever you call it. So you've only 10 direct on the books. General operative

In this case the 'principal contractor' is effectively the foreman or charge hand or even gang master, recruiting and employing his fellow workers. Amongst Irish workers the system can be different and resemble a team which shares the earnings equally. In this case the first contractor 'hires' a small group of workers:

Say that there is three of you. One man might be the principal on the relevant contract. You know the relevant...the RCT. And it's just a carve-up...So you'd have the 3 of us, 25 quid, less 20 percent, everybody the same, you just divvy it up.
Bricklayer

The first contractor would prefer to transfer payment just to one member of the team, thus making this person the subcontractor. This means that one team member will have substantial cash flowing through his bank account. Furthermore, this runs the risk that he would lose access to any means-tested benefits if only his gross income is taken into account. Accordingly, teams sometimes arrange for the payment to be rotated between different members, each of which is in turn responsible for distributing shares to the other members. A particular problem here is the first contractor may commit to doing this, but then 'forget' to do so and keep making the payment to the first team member.

A final complication to notice is that self-employed craft workers may normally be simply working for themselves, but will at times take on other workers to help them. These may be other craft workers with whom the work is shared. A bricklayer who appears to have become behind schedule may be told by his immediate contractor to get more men to ensure the work is completed on time:

Bring in more men. I mean XXX [building firm] are quite bullish on that. They don't care, they are paying you to do the job, 'that's the price'. 'We want men, bodies, get your men to do that'. Which you have to meet. Bricklayer

However, the bricklayer may also hire in as extra casual workers labourers or even apprentices. In bricklaying for example, the bricklayer would usually work in a small group of three to four bricklayers, supported by a labourer or general operative. The labourer delivers the stacks of bricks to the immediate work site and prepares them for the bricklayers:

So it's my job to make sure that the blocks are stacked ahead of them, the scaffold is ready, and the mortar is on the boards. And basically anything they need – I have to go... I go and get it. They stay in the building all the time. And when they finish in the evening then my job is clean up after them and re-stack again for the morning. Just to keep ahead of them all the time. General operative

In the past these labourers might be directly employed by a principal contractor even if the bricklayers were self-employed or working for a bricklayer subcontractor.

The original way, the way they done it was, there was a man there, you had four bricklayers starting on a Monday, you'd have two labourers stacking it out on the Friday to get everything prepared, and everything was left there. There was no labouring for the bricklayer whatsoever. Bricklayer

However, bricklayers can also be responsible for directly hiring their own labourers. In fact, since the job is priced in terms of so many bricks to be laid it is actually up to the bricklayer whether or not to hire in extra help.

Bogus self-employment in construction

The Irish construction industry is now characterised by long sub-contracting chains with very few employees directly employed by the main contractors (the construction firm's name on the hoardings). This is the context for bogus self-employment, which can be defined as essentially the same as 'dependent work' as discussed by Eurofound above. A decisive feature of *bogus* self-employment in construction is also that the employment status is chosen by the 'employer', not by the 'employee'. As we shall see, bogus self-employment is *constrained* self-employment.

Bogus self-employment is very different to the traditional 'black economy' and the 'lump' that has long characterised the construction industry in Ireland and indeed the UK. The black economy occurs when the worker is paid in cash, at its very simplest as when the labourer is paid by the craft worker:

If you don't bring a labourer you have to do it yourself... You'd have to pay him in cash...the labourer then can automatically if he wants to...sign on the dole, we can't control that. Bricklayer

In this situation there is tax evasion, for although the labourer is working as an employee, no PRSI is paid by either him nor by the 'employer'. And if the cash-paid labourer chooses to sign on, then there is welfare fraud. Paradoxically the RCT system and its predecessors in both Ireland and the UK seem to have been designed precisely to bring work like this back into the tax system. They were designed to deal with a situation where many workers have always moved from site to site and from employer to employer, and where especially craft workers often understood themselves as independent workers even though they did not supply their own materials or employ anyone in a long-term relationship. In the UK self-employment in UK construction was initially legitimised by the Construction Industry Tax Deduction Scheme (Winch 1998). After the 1977 Finance Act the contractor used the SC60 Form to declare that a contract was being carried out by a self-employed contractor and deducted tax at source. Subsequently construction workers were allowed to simply self-declare themselves as self-employed. After various other changes, and a brief period of roll-back in the late 1990s, the UK now has a system which makes it easy for construction workers to declare themselves self-employed – and also for their employers to make this declaration.

The Irish system seems now to facilitate self-employment even more than the UK system since it now allows the employer (or contractor) to designate the recipients of contracts as self-employed with no consultation. Until 2012 workers who wanted to define themselves as self-employed for tax purposes completed a paper form. When the system moved on-line it then became possible for the employer to designate workers as self-employed:

Yeah. I am working for them [large firm], but I am a sub-contractor to a sub-contractor. It's bogus subcontracting, in essence. Which is encouraged by the Revenue Commissioners...The subcontractors cover themselves by telling your details to them and he says that [interviewees name] is on a relevant contract for XXX euros for the next 6 weeks. The Revenue Commissioner acknowledges this and then sends me out a slip to say 'we acknowledge you are on...'. Bricklayer

The employer (in Revenue's terms, the 'Principal') notifies the contract on-line and effectively only has to give the subcontractor's name and tax number, along with the value and duration of the contract. The 'Principal' has to tick a check box confirming that the contract is 'not a contract of employment' and later confirm that 'the contract is NOT a labour only contract'³. In fact our interviews make clear that these checks are treated as carefully as the usually totally unread 'Terms and Conditions' beloved of internet product suppliers.

The on-line system allows employers to become principal contractors and employees to become subcontractors literally at the click of the mouse. Providing the principal has the subcontractor's name and tax number, no active consent from the subcontractor is even necessary. Notionally the subcontractor can complain to Revenue that (s)he has been wrongly classified, but we have no evidence that this actually happens. It is unlikely to, for the simple reason that acceptance of self-employment status is now often a condition of employment. The regulations which purportedly prevent workers being wrongly deemed as self-employed are now formulaic decoration. Indeed, as of now (21 March 2016) the Revenue RCT website contains a link to the '[Code of Practice for Determining Employment or Self-Employment Status of Individuals](#)' which contains out of date information such as reference to the now abolished National Employment Rights Authority.

³ For the forms etc. see website <http://www.revenue.ie/en/tax/rct/>

Constrained self-employment often takes a collective form in that a subcontractor or even the principal contractor on the site compel a group of workers to be paid by one of their number:

These boys got me a start on that job, 'Come out and work, there's work out here.' So I went out and worked for them, and the craic was, you get paid every two weeks. I say 'No bother, what way do we work it?' He says, 'The way it works is, there's three in a gang. You get the money one week, I'll draw the next week, he gets it next, we do it a round. Bricklayer

This itself is bogus self-employment, since the work is clearly being carried out as a labour only contract (the principal subcontractor has set the tasks and supplied the materials). However, principal contractors also attempt to generate hierarchies within such teams by not registering all members as contract recipients. As the previous informant continued:

So they drew my money, they drew it a couple of times, so I says, 'Right, it's my turn now'. So I've got out a bit of paper, write me name, me address, PPS number, bank account details, and I gave it to one of the boys working in the office ... Gave it to him and there was no joy. This went on for another couple of weeks ... So I says, ask him what the story is with my details, so he says 'Oh I lost them'. So I produced them two more times after that there. Still no joy. So this was going on and going on ... And it only came to light at Christmas when I rung the Revenue and I [found out I] wasn't registered. Bricklayer

Large firms have pushed employment relations down the sub-contracting chain and subcontractors in turn attempt to reduce their costs by ensuring that they also are not actually employers at all. For them, the most obvious financial saving is there is no employers' PRSI contribution to be paid, as well as of course much reduced financial administration. Self-employment also 'legalises' the ending of agreed wage rates and the erosion of any notion of regular wages described above. As employees paying PRSI construction workers have been entitled to social insurance benefits (see Table 3) but regular workers have usually become members of the Construction Workers' Pension Scheme which has provided valuable benefits. When workers become self-employed they are no longer eligible for membership of the Scheme (although they can contribute to the separate Construction Industry Retirement Trust Scheme) and this must undermine the Pension Scheme. The rise of self-employment thus increases the insecurity of all workers in the industry.

The extent and costs of bogus self-employment

By definition the extent of bogus or 'constrained' self-employment is impossible to measure exactly. Nonetheless analysis of the causes does allow some rough estimates of the possible extent. Determining the actual cost of bogus self-employment involves a further set of assumptions, so that determining the fiscal costs in terms of revenue forgone by the state for any level of bogus self-employment is also complex. Nonetheless, it is possible to make some explicit assumptions to generate a range of estimates both of the extent of bogus self-employment and of the costs it imposes on the state.

The 'bogus self-employed' are a subset of the total number of self-employed. The level of self-employment within a national construction industry would appear to depend on three factors. Firstly, the production structure of the industry influences the extent of subcontracting, since the construction of high specification industrial buildings seems to require specialist firms with their own equipment and in-house skills. The more the industry depends on relatively simple buildings, the higher the level of potential sub-contracting. Secondly, the more the industry is exposed to large swings in demand, the greater the level of self-employment. In the recent Irish experience self-employment in the industry increased when demand collapsed, and now, with some modest recovery in employment, so self-employment has also proportionately fallen (Figure 2). However, increases in self-employment have also occurred when employment was growing. What matters is the level of fluctuation, not the direction of change:

if employers know that demand is going to fluctuate in the future, they will be less likely to take the risk of taking on workers in direct employment. Thirdly, and this appears to have been decisive in the Irish case (as also in the British case) is the form of regulation, especially in relation to tax status. UK evidence shows that some workers in construction can actively prefer self-employment, even if they initially enter it involuntarily (Nisbet and Wayne 2000); at the same time many workers including most of those interviewed for this study were acutely aware of the immediate advantages for them of direct employment. Some forms of regulation may make self-employment advantageous to the worker in relation to tax and thus pull workers into self-employment. Crucially important however is the extent to which self-employment is advantageous for the employer/principal contractor and the ease with which the employer can declare employees to be self-employed. As we have seen, in this way both the UK and the Irish systems now facilitate constrained or bogus self-employment.

Estimates of the number of self-employed workers in the Irish construction industry derive from self-reported employment status as reported in the QNHS. The QNHS does also allow the self-employed ‘without employees’ to be differentiated from the other self-employed (see Figure 2). However, the QNHS does not contain additional variables equivalent to those in the EWCS used to identify the ‘really’ self-employed. Equally, the various estimates of the extent of RCT contracts cannot say what proportion of these are in fact ‘bogus’ (see Appendix 4 for one response).

There are further complications for any attempt to define the number of bogus self-employed. Firstly, nearly all construction workers move frequently between sites and this usually now means changing employers:

Most workers, you know, in their career, they would have 7 or 8 jobs. Building workers would have that in a year Union official

And these changes can now also involve changes in employment status: a worker may be working for a subcontractor on one site, working for an agency on another, and working as self-employed on another. On yet another site the same worker may even be passing on some of his earnings to casual helpers.

Secondly, many statistics on the RCT system refer to the number of contracts registered, but a single subcontractor will have several or even multiple contracts within the same year. Equally, a principal contractor may have literally hundreds of RCT contracts in the same year. The number of RCT contracts, or even the number of individual workers on RCT contracts in a given year, only indicates the field within which bogus self-employment occurs (see Appendix 4).

Rather than attempting to count what cannot be counted, an alternative strategy would be to use a counter-factual argument. If we assume that the number of self-employed in Irish construction is high because of the Irish tax system, then a ‘real’ number of self-employed could be taken from the norm in countries where such systems do not apply. Bogus self – employment is then simply the gap between total self-employment and this ‘real’ amount.

In the UK approximately half of the construction workforce is now self-employed, as opposed to an average of about 25% for the other major EU economies. On this basis Behling and Hervey (2015) suggest a reasonable level of ‘real’ self-employment for the UK would be about 25% of the construction workforce (i.e. about half of the current level). This assumes that *all* self-employed in the industry who do not currently have any employees are effectively ‘bogus’. This is in fact very restrictive: as discussed above the definition of ‘dependent worker’ used by Eurofound took account excluded those self-employed with the capacity to take on employees in the future even if they currently have no employees. Yet as our interviews have shown, even those with employees may well consider themselves ‘bogus’ self-employed: they have been compelled to become self-employed and then distribute earnings to fellow workers. Bearing these issues in mind, Table 2 indicates the *range* of possible bogus self-employment

in the industry. The upper bound is to treat *all* self-employed without employees as ‘bogus’ self-employed. Given the extensive incidence of bogus self-employment reported in the interviews, it would be utterly implausible to take a lower bound of *no* bogus self-employment: a lower bound of 25% of all self-employed without employees as bogus would seem to be appropriate. **These calculations suggest that in 2015 at most about 33,000 (27% of the total construction workforce) were working as bogus self-employed, and at absolute minimum about 8,000 (7% of the workforce) were working in this way.**

Table 2 Construction Industry: Estimates of bogus self-employment 2015

	QNHS self-report		Estimated bogus self-employment (as % of self-employed no employees)		
			Upper bound (100%) (N)	Mid-point (50%) (N)	Lower bound (25%) (N)
Self-employed with employees	13,892	10.9	13,892	13,892	13,892
Self-employed no employees	33,370	26.1			
Of which:					
‘Bogus’ self-employed (% of total at work)			33,370 (26.5%)	16,685 (13.2%)	8,343 (6.6%)
‘Genuine’ self-employed			0	16,685	25,028
Employee	77,484	60.6	77,484	77,484	77,484
Assisting relatives	1,200	0.9	1,200	1,200	1,200
Total	124,5946	100.0	125,946	125,946	125,946

Source: QNHS own analysis

Rather than assuming any definite figure of the level of bogus self-employment, Behling and Harvey also estimate the National Insurance contributions forgone at different possible levels of bogus self-employment. In the UK 54% of the construction workforce is self-employed. The higher bound assumes that all 723,000 of these self-employed are bogus self-employed and on this basis in 2013 fully St£2,917 million would have been lost in foregone contributions. While the upper bound assumes a false employment rate of 54% (there are no genuine self-employed individuals), the lower bound assumes a false employment rate of 14% (a genuine self-employment rate of 40%) and on this basis foregone National Insurance contributions would still amount to St£749 million.

Given that National Insurance contributions entitle the insured worker to various benefits, the fiscal loss is not simply the total value of unpaid contributions as Behling and Harvey assume for the UK. In Ireland the PRSI system is also nominally an insurance system in which the self-employed generate lower PAYE contributions but receive fewer benefits. Table 2 lists some major PRSI benefits and shows the entitlement of employees (PRSI Class A) and the self-employed (Class S). The major difference, and the one that effects people most quickly, is that the self-employed are not entitled to Jobseeker’s Benefit. If they cannot find work they have to claim the means-tested Jobseeker’s Allowance. However, as the Table shows, both groups are entitled to the contributory state pension.

Table 3 Employees and self-employed: entitlement to selected PRSI benefits

	Class A	Class S
State pension (contributory)	Y	Y
Invalidity pension	Y	N
Occupational injuries	Y	N
Jobseeker's benefit (pay related, not means-tested, but conditional on seeking employment, maximum 6 or 9 months depending on contribution (including contributions paid in other r EEA states))	Y	N (normally entitled to means-tested job seekers allowances)
Health and safety benefit	Y	N

The shift from direct employment to self-employment means that there are no employers' PRSI contributions. However, whereas employees only pay PRSI on their income above a certain threshold, the self-employed pay PRSI on their entire earnings. This to some extent compensates for the absence of any employer PRSI contribution. Table 3 gives a worked example using 2015 rates calculated by the Irish Congress of Trade Unions (ICTU 2015). Unlike the ICTU document, the table takes account of the greater contribution by the self-employed themselves. As the table shows, a skilled craft worker as a direct employee would generate weekly PRSI contributions of €64.14 from his/her employer and €12.61 as an employee, making a total of €76.65. If the same worker became self-employed, there would by definition be no employer contribution and they would pay a contribution on their entire income of €26.85. The resulting loss of PRSI contribution to the state is €49.50 per week. While the self-employed worker has a smaller claim on the state, it is unlikely that this compensates for this loss. Indeed, given that the unemployed worker would probably be able to claim Jobseeker's Allowance, the 'saving' is probably minimal and the overall loss to the state substantial in the region of €2,500 per annum per individual. Using the estimates of the numbers of bogus self-employed in Table 1 and assuming average weekly earnings of craft workers of €671, this suggests the loss in PRSI contributions because of bogus self-employment in 2015 ranged from €83.425m (upper bound) to €20.856m (lower bound).

Table 4 PRSI Income forgone

	(€)
Earnings: Hourly rate	17.21
Earnings: 39 hour week	671.19
Employer (PRSI Class A)	
PRSI on to 356 @8.5	30.26
PRSI on remaining @ 10%	33.88
<i>Total employer</i>	<i>64.14</i>
Employee (PRSI Class A)	
PRSI up to 356 @ nil	0.00
PRSI on remaining @ 4%	12.61
<i>Total employee</i>	<i>12.61</i>
Total employer + employee	76.75
Self-employed (PRSI class S)	
<i>PRSI on all income @ 4%</i>	<i>26.85</i>
Difference Employee/Self-employed	49.90

Notes: Adapted from ICTU (2015).

Employer contributions from ICTU (2015). Calculations for PRSI on earnings assume the same gross earnings as either employee or self-employed and use PRSI rates for 2015.

In terms of PRSI the movement from direct employment to self-employment is relatively transparent and straightforward: the worker is now simply treated like any other self-employer earner. However, the situation with tax on earnings is more complicated because under the RCT1 system the worker's tax is initially paid not by the self-employed person but by the principal contractor. The RCT1 system is thus a mixture of PAYE and self-employed income tax.

When the principal contractor registers the subcontractor they also specify the total gross value of the contract. In principle the contractor also deducts a certain percentage in lieu of tax and is responsible for paying this to Revenue. While this may sound like the PAYE system, increasingly such deductions are not required. According to Revenue information 'Subcontractors registering⁴ with Revenue for the first time will usually have their rate determined as 20%' (Revenue 2012). However, once the subcontractor is judged to be compliant, the rate falls to nothing and therefore no tax is deducted at source on subsequent contracts. The actual tax paid by subcontractors depends therefore entirely on self-declaration and there is obvious scope for not only tax avoidance but actual tax evasion. Whereas the administrative load on the employer (now principal contractor) is dramatically reduced, the worker (now subcontractor) has to make their own tax return and this will require detailed record keeping and often the services of an accountant. Nonetheless, while in the case of PRSI the main effect of the move from direct employment to self-employment is to reduce the expenditure of the employer/principal contractor, in the case of tax the direct financial benefits are largely for the worker/subcontractor.

Conclusion: building in short-termism

The uncritical promotion of self-employment coupled with enthusiasm for entrepreneurship is part of the contemporary zeitgeist. This report has however suggested that this is naïve. For decades now social and historical research has shown that for many self-employment has been a second-best alternative to conventional employment, which is precisely why fluctuations in self-employment have been counter-cyclical. In the new century, in parallel to a further increase in pro-entrepreneurship rhetoric, a new and problematic form of self-employment has emerged (or perhaps re-emerged). In traditional self-employment the worker was clearly independent, the problem was that the income was small and irregular. Like those traditional self-employed, many of the new self-employed also have low and irregular earnings. The novelty is that they are described as 'dependent workers' since they work under somebody else's direction. Because of their status as self-employed, they have none of the protections that employees have gained over the last century. Dependent workers face a factual inequality of power which the discourse of self-employment treats as non-existent. In this context, the recent rapid expansion of self-employment in Irish construction should have been a cause for alarm or at least for critical investigation.

The Irish construction industry is characterised by long sub-contracting chains with much work carried out by small enterprises under the direction of a large contractor. In the crisis firms accelerated the casualization of employment in order to cut their costs. Large firms so reduced their workforces that they now employ directly almost no manual workers. Across the industry, labourers and general operatives are increasingly supplied by agencies while craft workers have become self-employed. In this context the new on-line registration for Relevant Contracts Tax has allowed firms at the bottom of the chain to increasingly make self-employment a condition of employment. This has led to significant costs to the state in foregone PRSI contributions of at least €2.5k per worker net per year. The costs in tax foregone are difficult to estimate but unlike in the case of PRSI, there is no countervailing 'gain' of

⁴ Given that it is in fact the employer/principal contractor who actually registers the subcontractor, *being registered* would be a more appropriate term!

lower obligations. The simplicity of the RCT was presumably intended to ensure that work on construction sites remained within the tax net, but it has now ended creating new opportunities for tax evasion while massively facilitating bogus or constrained self-employment.

As bogus self-employment has become widespread the conditions of a significant proportion of the construction industry workforce have deteriorated. Jobs that were traditionally good jobs - in the sense of providing relatively good wages and regular if not necessarily secure employment – have become casualised. Indeed, a consistent theme and depressing theme from our interviews with older workers in the industry was that work in the building industry is not something that they would wish to do again.

While some suggested these changes have led to deteriorating safety in the industry, these concerns were not shared by all respondents. However, the changes have clearly had other long term consequences for the entire industry. The expansion of self-employment means firms will invest less in the training of present and future employees and thus undermines skill base of Irish construction. In the crisis itself, virtually no new apprentices were hired. International comparisons have shown how Irish firms responded to the crisis by reducing their labour force and cutting training, in stark contrast to employers faced with similar situation in countries such as Germany (Lehndorff 2012). The expansion of bogus self-employment facilitates such behaviour. It further undermines the already weak investment in the industry's workforce and promotes short-term policies.

In Ireland the crisis accelerated the growth of bogus self-employment. Now, with some moderate recovery in employment, self-employment is also falling slightly. An open question is the extent to which the trends described here derive merely from short-term conjunctural changes or whether they are part of a long-term and permanent downgrading of the quality of employment in Irish construction. If this is to be prevented it is essential to remove some of the incentives for bogus self-employment. A straightforward change would be to ensure that the PRSI contributions generated by the self-employed were the same as the total (i.e. employee plus employer) contributions generated by those in direct employment. While this could be achieved by making the self-employed subcontractor liable for the 'employer' contribution, it would be preferable if this were paid by the principal contractor.

Tackling the tax problems created by the RCT system is more complex. It is clear that the existing safeguards intended to prevent bogus self-employment (the self-declaration that the contract is not a labour-only contract) are completely ignored. This brings the law and tax compliance into disrepute: it generates a nod-and-a-wink culture in which everybody signs statements which they know are untrue. The current methods of enforcing the conditions at best only operate after the event. Instead of effectively copying the UK, much could probably be learnt from the taxation and regulation of construction in other jurisdictions. Designing a new system will not be easy, but the task must start from the recognition that the existing system has completely failed to meet even its own objectives.

During the crisis the construction industry benefitted from continuing orders for high quality industrial plant and office buildings from the multinational sector. A major policy issue is how to accentuate this counter-cyclical pressure. The Irish construction industry has been shaped by short-term fluctuations in the housing sector and a stop-go policy of state infrastructure. These fluctuations push the industry towards short-term solutions to labour issues and make it difficult to maintain and develop the skill base. By contrast, a long term state commitment to a home building programme and a coherent long term infrastructure policy would go a long way to smoothing these fluctuations; it would enable firms to develop their skill base and reduce their reliance on bogus self-employment.

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Appendix 1 UK Criteria for direct- and self-employment in employment law

Table 2. Criteria for direct- and self-employment.

		Direct	Self
Control	Duty to obey orders as to when and where to work	Yes	No
	Determination of hours of work, breaks, etc. by client	Yes	No
Integration	Client's control over mode of work	Yes	No
	Integration into disciplinary or grievance procedure	Yes	No
	Part of coordinated work processes	Yes	No
	Covered by firm health and safety policies	Yes	No
Economic reality	Integration into firm benefits	Yes	No
	Accounting, tendering, investing	No	Yes
	Freedom to hire others in substitution	No	Yes
	Providing own equipment	No	Yes
	Payment of own tax and NI	No	Yes
Mutuality of obligation	Personal coverage of sick pay, holiday pay	No	Yes
	Duration of employment	Long	Short
	Regularity of employment	Yes	No
	Continuity of employment	Yes	No
	Right to refuse work without adverse effects on future engagement	No	Yes

Source: adapted from Burchell et al. (1999).

From: Behling and Hervey (2015)

Appendix 2: Ending direct employment

CLS RECRUITMENT 

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Advantages of CLS

Advantages of Outsourcing Payroll/ Recruitment:

- No PRSI to pay: 10.75% of total pay
- No holiday pay to pay: 8% of total pay
- No Pension to pay: 3% to 10% of total pay
- No Bank holidays to pay
- No Sick Leave to pay
- No Redundancy payments to pay
- No administration cost of payroll/ PAYE/PRSI
- No recruitment/advertising costs
- No disputes with employees i.e Unfair Dismissal actions etc
- Ability to both hire and off-hire staff at 1 hours notice throughout the country
- No PPE Costs. All safety gear provided by CLS Recruitment



Extracted from

<http://www.clsrecruitment.ie/advantages-of-cls-recruitment>

22 March 2016

Appendix 3 Trade union membership and occupational group

Table A3.1 Trade union members

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Non- manual	4,371	4,816	3,046	2,196	2,068	1,904	3,462	1,882	1,574
Craft... Plant...	25,296	23,898	13,746	9,554	6,739	6,820	5,305	5,364	6,186
operators	4,779	4,022	2,014	1,082*	760*	2,128*	1,268*	583*	612*
Elementary	10,169	9,005	5,675	3,827	4,288	4,077	4,707	5,149	5,239
Total	44,923	42,145	24,697	16,948	14,357	15,277	14,894	13,069	13,888

* Unreliable, small cell numbers

Source: QNHS own analysis

Table A3.2 Trade union membership as percentage of total at work in occupational group

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Non- manual	13.0	13.9	10.4	9.5	10.1	9.3	15.8	8.1	5.9
Craft and related	15.3	15.9	14.2	12.3	11.2	12.3	9.4	9.3	8.8
Plant... operators	24.3	21.8	20.3	15.0*	11.0*	30.6*	19.9*	8.9*	11.3*
Elementary	18.6	21.4	26.1	22.0	24.0	25.3	27.0	28.3	23.4
Total	16.4	17.1	15.6	13.4	13.5	15.4	14.5	12.3	11.0

* Unreliable, small cell numbers

Source: QNHS own analysis

Appendix 4 Estimate of the extent of RCT activity

QUESTION NO: 60

DÁIL QUESTION addressed to the Minister for Finance (Deputy Michael Noonan)

by Deputy Michael McGrath
for WRITTEN ANSWER on 19/11/2015

To ask the Minister for Finance if he has examined the operation of the Relevant Contracts Tax System in the construction industry; the number of persons in the industry working under this system; if he is satisfied that taxation law is being fully complied with in respect of the System; and if he will make a statement on the matter.

REPLY.

The operation of Relevant Contracts Tax, and the electronic Relevant Contracts Tax (eRCT) system that underpins it, is a matter in the first instance, for the Revenue Commissioners.

The Deputy will be aware that -

(a) the eRCT system of tax deduction at source applies to payments made by principal contractors to sub-contractors; and

(b) the PAYE system of tax deduction at source applies to payments made by employers to their employees.

As I outlined in a PQ (Question No. 39514 on 10 November 2015) response last week and based on information provided to me by Revenue:-

(i) there are 99,741 sub-contractors currently registered under the eRCT system of which 23,202 are sole traders with the balance being companies or partnerships; and

(ii) based on employer end of year PAYE returns for the 2014, there were 75,386 individuals employed in construction related businesses.

More up-to-date information is not currently available. However, the CSO's recently published Quarterly National Household Survey data for Quarter 3 2015 shows employment in the sector increasing by over 13% on Quarter 3 2014.

I am advised by Revenue that monitoring of the construction sector for abuses of the tax and duty systems forms part of its on-going compliance programmes to which they commit significant resources. In the course of this year, Revenue has strengthened its focus on the sector and its national programme of compliance interventions in relation to tax and the construction sector in general. Revenue's focus includes:-

Proper operation of the eRCT system including ensuring that principal contractors are fully reporting payments through the eRCT system and ensuring that principal contractors are reporting "Unknown" sub-contractors to Revenue;

Reconciling reported activity under the Home Renovation Incentive (HRI) with VAT returns filed;

Reconciling reported activity under the eRCT system, PAYE/PRSI returns, VAT returns and examining profit margins;

Proper operation of the VAT reverse charge;

Proper operation of PAYE/PRSI obligations;

Ensuring that employees are not misclassified as sub-contractors;

Ensuring that obligations of non-principals/sub-contractors are being fully met.

Revenue has also increased the number of unannounced visits to construction sites.

If the Deputy has specific information relating to individuals or business groups in any sector who are involved in tax evasion, he should provide that information to Revenue. Revenue has provided a tailored template on their website which facilitates reporting of tax evasion and the relevant links are being provided for the Deputy's information.

<http://www.revenue.ie/en/business/shadow-economy/index.html>

<https://www.ros.ie/online-enquiry-web/goodCitizen>

The Deputy will also be aware that during the Committee Stage debate on Finance Bill 2015 earlier this week, I announced that a public consultation would shortly be held on a range of issues relating to employment practices and trends. Such a process will allow all interested parties to feed into a broad ranging consideration of the issues involved.

Appendix 5 The Quarterly National Household Survey (QNHS) dataset

The micro-data from the QNHS is available to researchers through the Irish Social Survey Data Archive. Analysis of this data has been used in tables and charts indicate where the source is given as ‘QNHS own analysis’.

The QNHS is carried out quarterly and the ISSDA data always derives from the second and fourth quarters of each year. For this analysis we have always used second quarter data, so figures for any one year refer to the second quarter (so 2015 should be read as 2015Q2).

In this publicly available data many categories are aggregated. This is especially important in relation to occupation, so for example it is not possible for us to distinguish occupations such as ‘bricklayers’ or ‘carpenters’ within the category of craft workers.

There are some specific issues in the QNHS in relation to the topic of this report. The QNHS distinguishes between ‘self-employed with employees’, ‘self-employed with no employees’ and ‘employees’ and we have used these categories in this report. However, from our interviews it became clear that some workers are self-employed in tax terms but consider themselves ‘really’ PAYE workers. Such people may very well have reported themselves as ‘employees’ in the survey. Equally it is clear that some workers who are currently self-employed have retained their trade union membership. However, the QNHS data treats all self-employed as ineligible for union membership and so their trade union membership would not be recorded.

Since the QNHS is a survey of households it only records those normally resident in the State. Accordingly, workers living in Northern Ireland and currently employed within the State will not be enumerated. Our interviews indicate that the numbers involved here are not trivial.

Finally the QNHS itself is a sample survey and results are therefore grossed up to refer to the entire population. Although the sample yields a relatively large dataset, cell numbers become small and estimates therefore unreliable for small sub-groups. In particular where cell numbers (before grossing) range between 30-49 the CSO stresses that these should be treated with caution; numbers below 30 are not reliable and are indicated with (*) in our tables.