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NWCI BRIEF

WOMEN & ECONOMIC INDEPENDENCE

April 2013

Welcome to the first NWCI Brief on *Women and Economic Independence*.

This will be an occasional series of Briefs to keep NWCI members and others up to date with issues that affect women and economic independence.

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Social impact assessment of Budget 2013

The Department of Social Protection has published a social impact assessment of the main welfare and direct tax measures in Budget 2013. The DSP are deliberately looking at a 'social' impact rather than just a 'poverty' impact. The DSP state that the poverty reduction effect of social transfers (social welfare and other payments) is currently at 60% and the Minister would like to see it remain at this level.

The simulation of the tax measures is:

- Abolition of employee PRSI allowance of €127 per week.
- Taxation of maternity benefit.
- Abolition of €100 annual household charge.
- Property tax based on 0.9 per cent of property value (half-year basis), with two variants of deferral option: 100 per cent take-up and no take-up.

In terms of impact, employed lone parents are most affected, with non-earning lone parents also significantly affected;

The assessment was made using the Switch model and included an analysis of:

- Budget 2012 measures for implementation in 2013:
 - Reduction of €20 per week in earnings disregard for lone parents.
 - Reduction of €8 per month in child benefit for the third child.
 - Reduction of €20 in child benefit for the fourth + child.
- Back-to-school clothing and footwear allowance reduced by €50 per annum.
- €10 reduction in child benefit per month for the first, second and third child. A reduction of €325 per annum in the respite care grant.
- A reduction in the household benefits package of €20.25 per month, made up of €13.10 in the telephone allowance and €7.15 in the electricity and gas allowance.

It found that:

Assuming full deferral of the property tax:

- in monetary terms the highest income household lost most;
- as a proportion of household income, middle earning households lost most with highest earning households losing least;
- in terms of savings, the highest earning households contributed most;
- in terms of impact, employed lone parents are most affected, with non-earning lone parents also significantly affected;
- households with children are also particularly affected.

Assuming no deferral of the property tax:

- the impact is much greater on the lowest income households
- The highest income households have the lowest percentage loss, almost half that of the lowest income households.

The assessment can be accessed [here](#)

The research undertaken by TASC in 2011¹ found that single parent households (the vast majority of which are headed by a woman) lost proportionately more of their income compared to other households, as a result of the budgetary measures introduced in Budget 2011. While **impact assessing budgetary measures** is very useful, this recent research by the Department of Social Protection highlights the need to **gender and equality proof measures** before they are introduced.

¹ TASC, 2011. *Winners and Losers?...equality lessons for Budget 2011*

Maternity Benefit

Maternity Benefit is a payment made to women who are on maternity leave from work and covered by social insurance (PRSI). The amount of money paid each week depends on the person's earnings. It is paid directly on a weekly basis for a maximum of 26 weeks.

There is no obligation on employers to pay a top-up, though some employers will continue to pay an employee, in full or in part, while she is on maternity leave and require her to have any Maternity Benefit paid to them.

The maximum rate of maternity benefit is €262 (€6,812 over the 26 week period) and the minimum payment is €217.80 (€5,662.80 over the 26 week period). Payment at these rates is equivalent to just below or just above the poverty line (€10,889 in 2011).

Up to now Maternity Benefit has not been regarded as income for the purposes of the Income Tax Acts and is disregarded for all tax purposes. In their report, the Commission on Taxation noted that this is because there is no specific charging provision in the Taxes Consolidation Act 1997 relating to the payment and that it is a short-term payment (payable for a maximum of 26 weeks) and therefore does not come within the category 'annuity or annual payment' required for income taxation.

They also added that the payment is intended to allow mothers to remain outside the workforce for a period to nurture their newborn children and there is a positive social dimension to the payment. The

Commission on Taxation stated that, 'Having regard to these aspects, we do not recommend any change in the taxation status of maternity benefit.'

In 2011, the DSP spent €309,143,000 on maternity benefit to approx. 24,000 recipients.

In Ireland, maternity benefit is paid at significantly lower rates and for shorter periods of time than other EU countries. Ireland's spending on maternity and parental leave is considerably lower than most other OECD countries at about 6% of GDP



Taxation of Maternity Benefit

The Minister for Finance, Michael Noonan, announced his intention to bring maternity benefit in to the tax net as part of his proposals in Budget 2013. Depending on tax rates, mothers can expect to lose up to €2,7000 in income. Women who are on low and middle incomes and do not get a full top-up salary payment from their employers will be hit hardest by this measure, putting them under severe financial pressure.

There have been a significant number of calls and emails to the NWCI from women who will be affected and others that are also concerned at this step. In response, the NWCI are undertaking a campaign to lobby for an exemption from the tax for all mothers that do not receive a full top-up salary payment for their employer.

Take Action

The NWCI has launched a campaign calling on Minister Noonan to exempt women who do not receive a full salary top-up from their employer – to participate please click [here](#)

Employment & Unemployment

	Total	Women	Men	% of employment		% of p/t & f/t employment	
In employment	N	N	N	Women	Men	Women	Men
Full time	1,398,700	553,000	845,700	40%	60%	64%	86%
Part time	450,200	307,900	142,300	68%	32%	36%	14%
Total	1,848,900	860,900	988,000	47%	53%	100%	100%
	Total		Women		Men		
Labour Force Participation Rate	59.6%		52.3%		67.2%		
Employment rate	59.3%		55.4%		63.2%		
Unemployment rate	13.7%		10.3%		16.6%		

Quarterly National Household Survey Q 4 2012

According to the latest figures available (Quarterly National Household Survey Q 4 2012):

- Women make 47% of all those in employment compared to 53% of men
- Of all full-time workers, 40% are women and 60% are men
- Of all part-time workers, 68% of part-time workers are women compared to 32% of men
- Of all women at work:
 - 64% work full-time compared to 86% of men

- 36% work part-time compared to 14% of men
- The labour force participation rate is 59.6%. For women it is 52.3% compared to 67.2% for men.
- The total employment rate is 59.3%. For women it is 55.4% compared to 63.2% for men
- The total unemployment rate is 13.7%. For women it is 10.3% compared to 16.6% for men.

Maternal Employment Rates

According to the EU, in 2011, the Irish employment rate for women was 85.7% for a woman with a husband or partner but no children. It plummeted to 51.5% for women whose youngest child was aged between 4-5 years.² OECD figures suggest that Irish employment rates for women with three children are as low as 45.2%.³

Live Register March 2013

The latest figures from the Live Register show that:

- The standardised unemployment rate was 14%;
- There was an annual decrease of 8,966 (-2.1%) of people on the Live Register;
- The number of female claimants increased by 2,281(+1.5%);
- The number of male claimants decreased by 11,247 (-4.0%);
- 1,762 of the female jobs lost were in Managers & Administrators and Professional sectors.

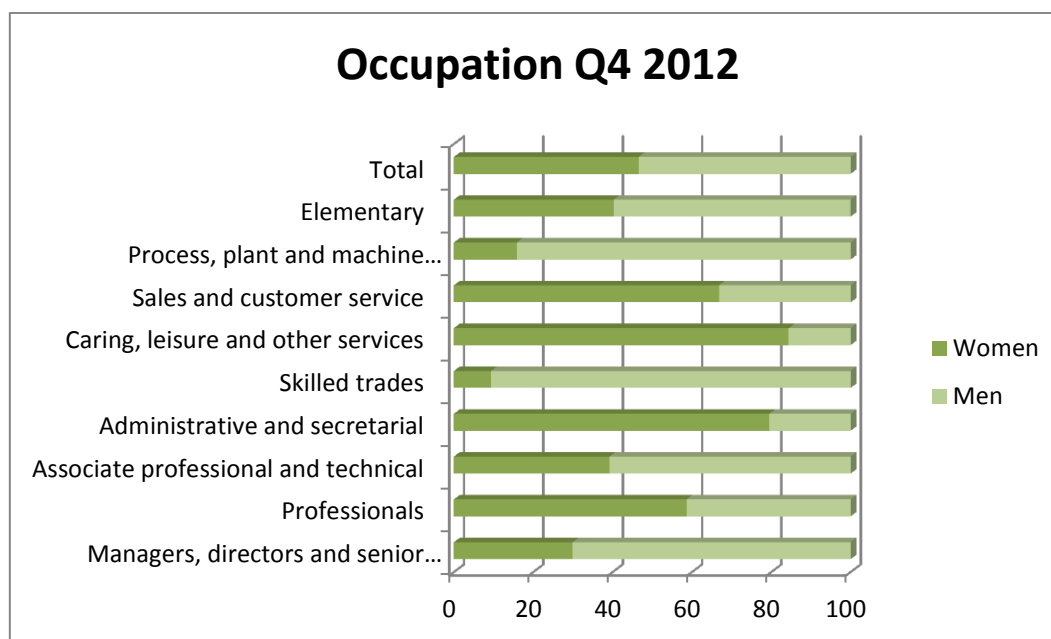
² http://ec.europa.eu/ireland/ireland_in_the_eu/impact_of_eu_on_irish_women/index_en.htm#1

³ OECD Family database www.oecd.org/social/family/database

Occupation

	Total	Women		Men	
	Q42012	Q42012		Q42012	
	N	N	%	N	%
Managers, directors and senior officials	147,200	44,100	30.0	103,100	70.0
Professionals	351,300	206,000	58.6	145,300	41.4
Associate professional and technical	217,400	85,300	39.2	132,100	60.8
Administrative and secretarial	206,100	163,900	79.5	42,200	20.5
Skilled trades	270,200	25,400	9.4	244,800	90.6
Caring, leisure and other services	145,700	123,000	84.4	22,700	15.6
Sales and customer service	159,800	106,800	66.8	53,000	33.2
Process, plant and machine operatives	143,700	22,800	15.9	120,900	84.1
Elementary	199,800	80,400	40.2	119,300	59.7
Other/Not stated	7,700	3,100	40.3	4,600	59.7
Total	1,848,900	860,900	46.6	988,00	53.4

Quarterly National Household Survey Q 4 2012



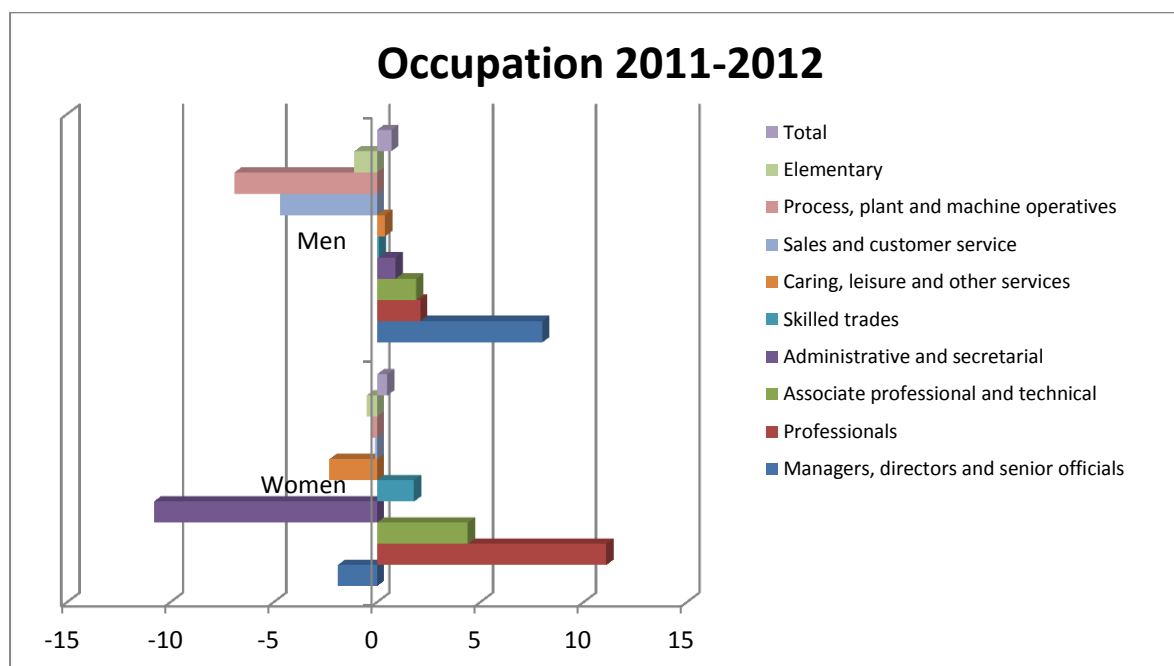
Quarterly National Household Survey Q 4 2012

- Women make up 46.7% of those in employment. Women make up:
 - 30% of Managers, directors and senior officials;
 - 59% of Professionals;
 - Almost 40% of Associate professional and technical employees;
 - Almost 80% of Administrative and secretarial employees;
 - 84% of Caring, leisure and other services employees;
 - Almost 67% of Sales and customer service employees.

Occupations – losses & gains

N '000

	Women			Men			Total		
	Q4 '11	Q4 '12	Change	Q4 '11	Q4 '12	Change	Q4 '11	Q4 '12	Change
Managers, directors and senior officials	46.0	44.1	-1.9	95.1	103.1	8.0	141.1	147.2	6.1
Professionals	194.9	206	11.1	143.2	145.3	2.1	338.1	351.3	13.2
Associate professional and technical	80.9	85.3	4.4	130.2	132.1	1.9	211.1	217.4	6.3
Administrative and secretarial	174.7	163.9	-10.8	41.3	42.2	0.9	216	206.1	-9.9
Skilled trades	23.6	25.4	1.8	244.7	244.8	0.1	268.3	270.2	1.9
Caring, leisure and other services	125.3	123	-2.3	22.3	22.7	0.4	147.6	145.7	-1.9
Sales and customer service	106.9	106.8	-0.1	57.7	53	-4.7	164.6	159.8	-4.8
Process, plant and machine operatives	23.1	22.8	-0.3	127.8	120.9	-6.9	150.9	143.7	-7.2
Elementary	80.9	80.4	-0.5	120.4	119.3	-1.1	201.3	199.8	-1.5
Other/Not stated	[4.0]	[3.1]	[-0.9]	4.5	4.6	0.1	8.5	7.7	-0.8
Total	860.4	860.9	0.5	987.3	988	0.7	1847.7	1848.9	1.2



Between Q 4 2011 and Q4 2012, there was an overall increase of 500 jobs for women and 700 jobs for men. Women lost the following jobs:

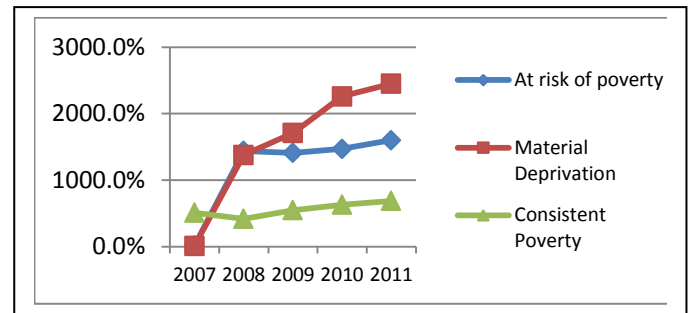
- 1,900 in Managers, directors and senior officials occupations, compared to a gain for men of 8,000 jobs;
- 10,800 jobs in Administrative and secretarial occupations compared to a gain for men of 900 jobs;

- 2,300 in Caring, leisure and other services occupations compared to a gain for men of 400 jobs.
- There was an increase of 11,100 jobs in the Professional occupations, higher than the gain for men of 2,100 jobs.

Women & Poverty

Poverty rates are continuing to increase. In 2011 the *at risk of poverty* rate was 16%, the *material deprivation* rate was 24.5% and the *consistent poverty* rate was 6.9%.

EU SILC 2011 (& revised for 2010)					
	2007	2008	2009	2010	2011
At risk of poverty	16.5	14.4	14.1	14.7	16.0
Material Deprivation	11.8	13.8	17.1	22.6	24.5
Consistent Poverty	5.1	4.2	5.5	6.3	6.9



The average annual household disposable income for the general population was €41,819. For households headed by a lone parent disposable income was considerably lower at €24,934. Income for women was considerably lower than income for men. When equivalised for size of household, income for households headed by a lone parent was significantly lower than other households.

Households headed by a lone parent had significantly higher levels of poverty and deprivation than those for the State. Children (0-17) were also particularly affected.

Poverty Statistics 2011	Average annual household disposable income	Average annual equivalised household disposable income	At risk of poverty	Material Deprivation	Consistent Poverty
State	€41,819	€21,440	16	24.5	6.9
Men	€46,096	€21,718	16.3	23	6.9
Women	€35,936	€21,167	15.6	26	6.9
Households headed by a lone parent	€24,934	€15,995	28.4	56	16.4
0-17 years	n/a	€19,888	18.8	32.1	9.3
18-64 years	€45,589	€22,447	15.9	23.7	6.8
65+	€27,821	€19,725	9.7	11.3	1.9

The CSO did not produce the data for households headed by males and females for this SILC. Previously this data has shown significant differences in all the indicators with households headed by a woman considerably worse off than households headed by a man.

Social Inclusion Monitor

The Social Inclusion Division published the Social Inclusion Monitor at the Social Inclusion Forum 2013 held in March. The purpose of the Monitor is to report on progress towards the national social target for poverty reduction by providing regular, timely and accessible updates on key national indicators. It also reports on the Irish contribution to the Europe 2020 target and on poverty trends for children and jobless households. It is primarily based on the findings of the Survey on Income and Living Conditions, undertaken by the Central Statistics Office. The focus of the Monitor is on social and economic outcomes as they relate to poverty and social exclusion. You can access the Social Inclusion Monitor [here](#)

Gender Pay Gap

The Gender Pay Gap measures the relative difference in the average gross hourly earnings of men and women as a whole. It is one of the structural indicators used to monitor the European Strategy for Growth and Jobs, under the heading of 'employment'.

Equal Pay Day is an annual event, the date of which is set to highlight the amount of additional days that a woman has to work so that her pay would be equal to a man's pay.

The latest figures from the EU Commission show that the Gender Pay Gap in Ireland is 13.9% - in other words women in Ireland are paid almost 14% less than men. The Gender Pay Gap exists even though women do better at school and university than men.

In the Irish context, what is perhaps most disturbing is the high cost of motherhood. Figures from the OECD show that in Ireland the Gender Pay Gap for women with no children is -17% but this increases significantly to 14% for women with at least one child – a jump of 31 percentage points. The gender pay gap exists across the sectors.

For the bottom 10% of earners, the Gender Pay Gap in Ireland is 4% but this rises to 24.6% for the top 10% of income earners, suggesting the continued presence of a glass ceiling and indirect discrimination.

The findings from the European Foundation for the Improvement of Living and Working Conditions confirm that collective bargaining and the maintenance of minimum and levels above the minimum wage are central to addressing the pay gap, particularly in the lowest paid sectors.

According to the OECD, reducing persistent gender inequalities is imperative from an equality perspective but also from an economic perspective.

Child Benefit

The Advisory Group on Tax and Social Welfare report on child and family income support payments was recently launched. The group recommended that the universal nature of the Child Benefit be maintained. However, the Advisory Group recommended a better targeting of support to low income families in order to reduce poverty and minimise labour market disincentives.

The Advisory Group examined two models – the taxation of child benefit and a two-tier system of child income support.

The Group recommend a two-tier model of Child Benefit that combines a universal payment with a top-up payment. Under the two-tier payment approach, the Advisory Group recommends a rebalancing and integrating child and family income support as follows:

- A universal first-tier in respect of all children to replace the current Child Benefit payment;
- A child income support supplement or second-tier payment for low-income families, which would replace the current Qualified Child Increases components of all Social Protection weekly payment and the Family Income Supplement (FIS).

The proportionality of universality to top-up has yet to be decided, though Ita Mangan, Chair of the Advisory Group suggested it may be 40% universal payment and 60% second-tier payment.

Commenting on the report, the NWCI stated that it would like to see that proportion reversed and at least 60% of the payment to be made universally.

It is envisaged that the top-up payment will be reduced at a rate of 20% should the income of the family go over a threshold of earnings yet to be decided. Again commenting, the NWCI outlined its concern that that this would act as major disincentive to families, particularly women, to take up employment or indeed to take up better paid positions within employment. The NWCI also called for the €210 million has already been saved from the child benefit budget as a result of a reduction in the rates over the past two budgets, as well as any further savings to be invested in early childhood education, childcare and other services that are of benefit to children and families. There was no commitment from the DSP that this would be done.