

SUBMISSION TO LOW PAY COMMISSION ON WOMEN AND LOW PAY

National Women's Council of Ireland

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NWCI SUBMISSION TO LOW PAY COMMISSION ON WOMEN AND LOW PAY

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1 Introduction

Established in 1973, The National Women's Council of Ireland (NWCI) is the leading national women's organisation in Ireland, representing a diverse membership of over 180 groups and organisations along with a growing and committed individual membership. Our vision is of an Ireland with full equality between women and men including economic equality. Low pay and precarious work are issues of significant concern to our members. The National Women's Council of Ireland (NWCI) would like to thank Low Pay Commission (LPC) for the opportunity to make this submission. In previous submissions we argued the establishment of a Low Pay Commission was a positive step and a very welcome recognition of the serious problem of low pay in Ireland. It is critically important that the Commission reflect a strong gender perspective in its analysis and recommendations and we welcome that the commission initiated this consultation.

We know from our members and from the available statistics, that low pay particularly affects women. Over 60% of those on low pay are women and, according to the CSO, 50% of women in Ireland are earning €20,000 or less. Sectors where women predominate such as hospitality or retail have been at the frontline of aggressive casualisation and job and wage erosion, with low pay compounded by precarious work and non-fixed hour contracts. We now have a worrying situation where Ireland's gender pay gap is actually widening from 12.6% in 2009 to 14.4% in 2014. Historically one of the few measures to significantly narrow the gender pay gap was the introduction of a Minimum wage. We therefore welcome the recent increase in that minimum wage and call for continued incremental increases in the statutory minimum wage. There are also wider considerations. Low pay can lead to other forms of exclusion, patterns of churning between 'low and no pay', limited access to mainstream credit, and can create further social pressures on mental and physical health. On the other hand, those on lower or average incomes are more likely to spend their incomes on local goods and services and the geographically spread economic stimulus increased minimum wages in areas of disadvantaged should also be considered. We have argued previously that LPC need to contextualise minimum wage policy in context of a wider range of indicators concerning income inequality, poverty, deprivation and income deprivation.

NWCI previously raised concerns and suggested amendments around the wording of Low Pay Commission legislation which we believe were necessary to ensure the publicly stated goals and ambition of the Low Pay Commission can be delivered. With regard to Section 12 Part 2, (the function which lists a number of items which the Commission shall have regard to), we argued given

the serious gender concerns around low that the Low Pay Commission be specifically mandated to “have regard to” gender and other equality factors as a named aspect of its deliberations and that the potential impact of any order on gender equality also be considered. We also raised in this context the ‘Positive Duty’ under section 42 of the Irish Human Rights and Equality Commission Act which requires each Public Body to mainstream active measures towards the promotion of equality within all aspects of their work. We also believe in the necessity of considering the cost of living as experienced by workers as an overall issue which the Commission should have regard to when examining minimum wage levels. Other issues the LPC should have regard to include numbers in work below the poverty line (in work poverty) and national poverty reduction targets.

For ease of reference recommendations are summarised below (on P 5 of this submission) into actions and policies that can be directly advanced by the Low Pay Commission and recommendations that the Low Pay Commission, as a policy actor, can promote and leverage to mitigate incidence low pay for women.

2 Summary of Recommendations.

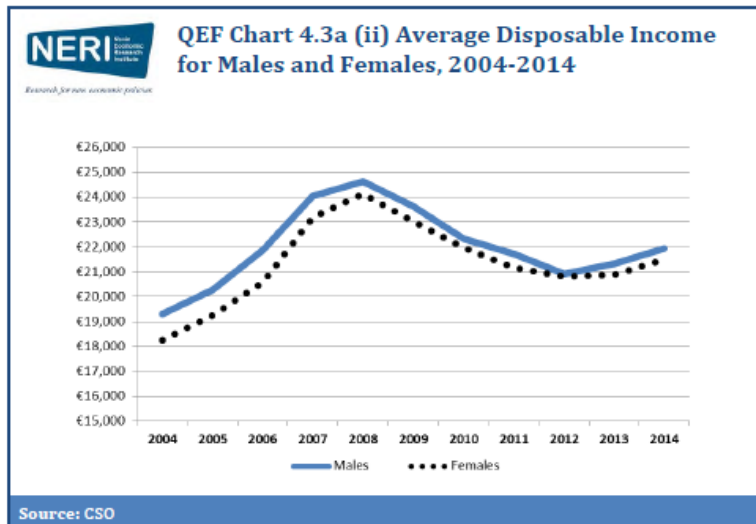
Recommendations specific to actions and policies that can be directly advanced by the Low Pay Commission	Recommendations that Low Pay Commission, as a policy actor, can promote and leverage to mitigate incidence low pay for women
Minimum wage policy should seek to addressing the differential between percentage of low paid men and low paid women and decreasing the gender pay gap. LPC should adopt specific indicators and targets should be developed and monitored.	LPC should promote gender desegregated data is needed across a range of policy areas including wages, social welfare, emigration and labour market programmes.
LPC should play direct role in strengthen regulation and legislation on precarious work, including limits to the use of non-fixed hour contracts (O' Sullivan et al recommendations).	LPC should promote quality standards in part-time work and training
LPC should encourage employer organisations and trade unions to develop sectoral collective agreements and customised sector regulations that include good practice such as annualised hours and banded hours agreements	LPC should ensure reforms to Family Income Supplement and other in work benefits calculate unemployment by hours not days
LPC to promote Joint Labour Committees particularly in sectors benefiting from policy and tax concessions e.g. Tourism	LPC should support wider policy initiatives to address horizontal segregation and barriers to increased female participation in certain sectors
LPC should ensure Family Work Benefit (as promised in manifestos) is gender proofed and examined to understand gendered impact on decisions in relation to low paid work	LPC to promote provision of affordable childcare is both as a key aspect of boosting labour market participation and equality and LPC support government develop a policy for an accessible, regulated and high-quality childcare system that takes into account the needs of people working If and When contracts and low hours
LPC undertake a specific study to examine the degree to which these in-work benefits sustain the gendered part time pattern of the Irish labour market	LPC to promote use of unpublished 2014 Working Age Payments report of the Advisory Group on Tax and Social Welfare (chaired by Ita Mangan) to advance smooth transitions from welfare to work and resolve social welfare interaction with low pay and low hour employment.
LPC to examine structural and systematic large chain employers use of social welfare system to sustain low hour employment (identified in Oireachtas Report on low pay (2015))	LPC should adopt principle that minimum and low wage policy should avoid using income tax or PRSI reductions to compensate for lack of incremental increases in low pay
LPC should examine the degree to which tax transferability traps women into second earner roles and militates against women increasing earnings and working hours	LPC should promote 'pay and living wage standards' as 'economically advantageous criteria' when transposing EU Public Procurement Directives as well as strong social clauses and criteria, including gender equality, quality employment remuneration to public spending or competitive tendering and to Capital Expenditure

Poverty targets should be supported through LPC minimum wage recommendations and LPC should monitor in-work poverty trends and promote zero target for in work poverty	LPC should promote Pathways to Work 2016-2020 expansion of enabling active labour market supports on a voluntary basis to lone parents and qualified adults and also ensure that jobseekers are not being activated into insecure work
LPC should review Qualified Adult, Lone Parent and Disability Allowance work patterns to ensure income disregards do not lead to structural traps in certain gender segregated occupations (cleaning, retail, catering etc.).	LPC should promote restoration of €160 income disregards for lone parents and monitor pressure on lone parents to involuntary increase hours in low paid work.
LPC should ensure wage regulation and employment standards are fully implemented certain sectors disproportionately employing migrant workers. This require sufficient monitoring of au pair employment and live-in domestic workers	LPC should promote policy that advances tax and social security individualisation
PLC on grounds of age equality should end the payment of sub-minima rates below the minimum wage	LPC should seek to ensure PTW review of lower rate JSA for under 26 incorporates a gender sensitive social impact
LPC should ensure minimum wage is paid in all productive work experience placements, LPC should monitor for quality training when appropriate (increased) training rate are paid.	LPC should support gender targets in apprenticeship and trainee programmes
LPC should examine and regulate to mitigate pay 'by minute' units	
LPC should extend minimum wage coverage to 'Relatives Assisting'.	
LPC should examine coverage for bogus self-employed, including many piece-rate workers, child care workers, caterers, cleaners etc.	
The minimum wage should continue to be incrementally increased (with inability to pay clauses) and, to avoid new cliffs or employment traps, minimum wage increases need to be automatically aligned with PRSI exemption thresholds.	
LPC should undertake periodic reviews of women and low pay	
LPC should commit to its own policy of gender desegregated data and gender proofing policy.	

3 Extent of low pay for women

Annual estimates from the OECD show that despite periods of economic boom and crisis the trend for low pay in Ireland has been steadily upwards so that by 2013 one in every five full-time male employees and almost three in every ten female full-time workers were low paid. Given the already historic and persistent high female low pay rates, the OECD data point towards a notable growth in male low paid employment as the crisis unfolded, however while post crisis trends are still emerging we know male involuntary unemployment is declining, full time job creation has increased at a much faster pace than part time employment and we see slower relative growth in female employment. Overall average disposable income between men and women declined for both men and women over the crisis. On average in 2014 median male income was €18,327 and median female income was €18,012. The gap between median male and female income was €315; 1.7% of the median female wage, there are some indications this gaps is growing, with women's greater proportional risk of low pay and part time work a contributory factor. The ESRI research also found that as women workers predominate in the lower and middle tiers of the Public Sector, pay cuts and freezes have had a far stronger effect on women than men. In their response to the report¹.

Chart 1. Average disposable income for Males and Females 2004-14



¹http://www.nwci.ie/?/news/article/report_highlights_urgent_need_to_address_growing_income_inequality_between

Collins (2015) identifies three earnings thresholds. The minimum wage which stood at €8.65 per hour in 2013, a Living Wage value of €11.45 per hour was first established in July 2014 by the Living Wage Technical Group (2014), and the 2010 figure was €12.20 per hour low pay threshold established by Eurostat Structure of Earnings Survey (2010) and based on an estimate of low pay as two-thirds of median hourly earnings for those in firms of 10 or more employees and in all sectors of the economy excluding agriculture and public administration and defence. Using 2013 SILC data Collins (2015) found 5.5 percent have an income below the statutory minimum wage – these include those exempted by the structure of the minimum wage including young workers less than 18 years, persons employed by a close relative, apprentices and those on structured training schemes. The NWCI have previously raised concerns about the degree to which women comprise the majority of persons employed by a close relative and who continue to be exempt from minimum wages. Using the hourly Living Wage as a threshold, the analysis finds that 25.6 percent of employees have an hourly wage rate of less than €11.45. Some 30.3 percent of employees lie below the low pay threshold of €12.20. Irrespective of the threshold used, women represent 60 percent of all those who are low paid. 22 percent of the low paid have not having completed secondary education.

Table 1 A Profile of Low Paid Employees, 2013

	<i>percent employees</i>	<i>Below €12.20</i>	<i>Below €11.45</i>
All employees	100.0	100.0	100.0
Gender			
Male	47.5	40.4	39.8
Female	52.5	59.6	60.2
Age Group			
18-29	17.4	34.5	35.8
30-39	32.6	27.7	28.7
40-49	24.8	19.2	16.6
50-59	19.4	12.3	12.8
60+	5.7	5.9	5.6
Highest Completed Education			
Primary or below	4.5	7.9	7.9
Lower secondary	10.4	14.6	13.7
Higher secondary	23.3	34.4	34.8
Post leaving cert	12.3	16.8	17.3
Third level non degree	15.5	10.1	10.3
Third level degree or above	32.3	13.0	12.6
Sector of Employment			
Agri, forestry/ fishing	1.2	2.9	3.0
Industry	16.1	12.4	11.6
Wholesale and retail trade	14.3	24.1	23.8
Accommodation and food	7.5	17.1	18.1
Admin & support services	2.8	5.5	5.6
Health & social work	15.6	12.9	13.0
Pub Adm, Defence, Educ	17.4	5.6	5.6
Others	25.2	19.7	19.4
Hours Worked per week*			
1-19hrs	13.6	24.9	26.1
20-34.9hrs	24.0	31.5	30.6
35hrs+	62.5	43.7	43.3
Contract Type*			
Permanent	91.0	83.7	82.2
Temporary	9.0	16.3	17.8

Note: All decompositions are statistically significant.

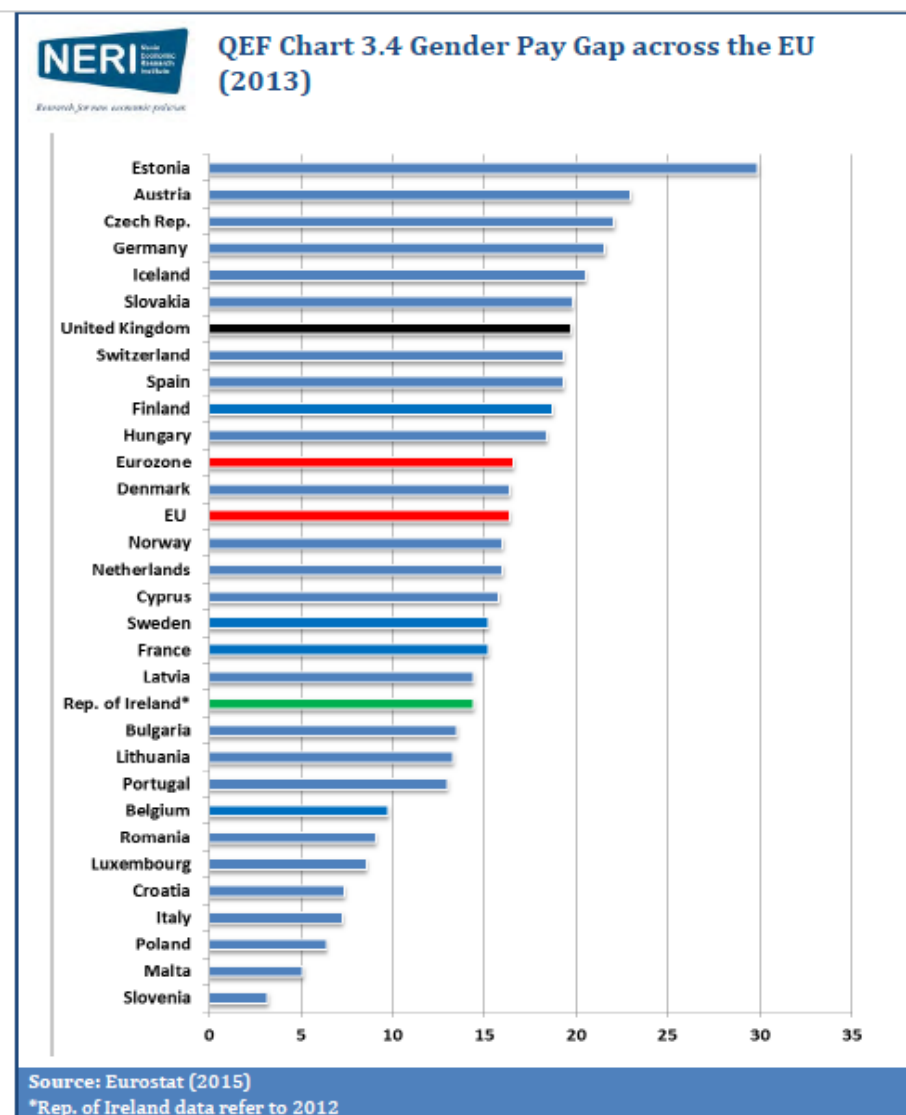
Source Collins (2015:15-16)

NERI (2016) describe the gender pay gap as the percentage difference between the average earnings of males and females and note that while legislation to provide “equal pay for equal work” is enshrined in EU law, in every EU country a gender gap still persists due to the type of work women are involved in - which is comparatively lower paid than equivalent male roles. The EU average gender pay gap is 16.4%, which is above that of the Republic of Ireland (14.4%), but below that of

the UK (19.7%). It is not clear to what degree the preponderance of low pay and low hours for women contributed to the growth of the gender pay gap in Ireland over the last four years.

- Minimum wage policy should seek to addressing the differential between percentage of low paid men and low paid women and decreasing the gender pay gap. Specific indicators and targets should be developed and monitored.

Chart 2 Gender Pay Gap in EU



4 Gender segregation of employment and sectoral occupational data

Gender desegregated data is needed across a range of policy areas including wages, social welfare, emigration and labour market programmes.

It is notable for example that four lowest paid sectors - accommodation and food, admin, wholesale and retail and arts are all areas where women employees predominate. There is a need for more sectoral research, in particular in the accommodation and food sector (O’Sullivan et al, 2014). A recent survey of almost 200 organisations receiving Arts Council funding found recognition and resourcing was much lower for women in the arts. Public Sector wage reductions are also interesting from a gender perspective contributing to the overall loss of 14% income for women compared to the loss of 9% for men.

More gender sensitive research on minimum wage and wage levels more generally in the public sector and in public sector outsourcing is needed and there is a clear need for research into the potential role of low wages and precarious work as drivers of emigration. Finally social welfare data concerning qualified adults (QA’s), casual work patterns, and use of income disregards, in work benefits and use of labour market programmes will all give greater insights into gender and low pay.

- Gender desegregated data is needed across a range of policy areas including wages, social welfare, emigration and labour market programmes.

5 Quality of low paid jobs, precarity and flex-insecurity

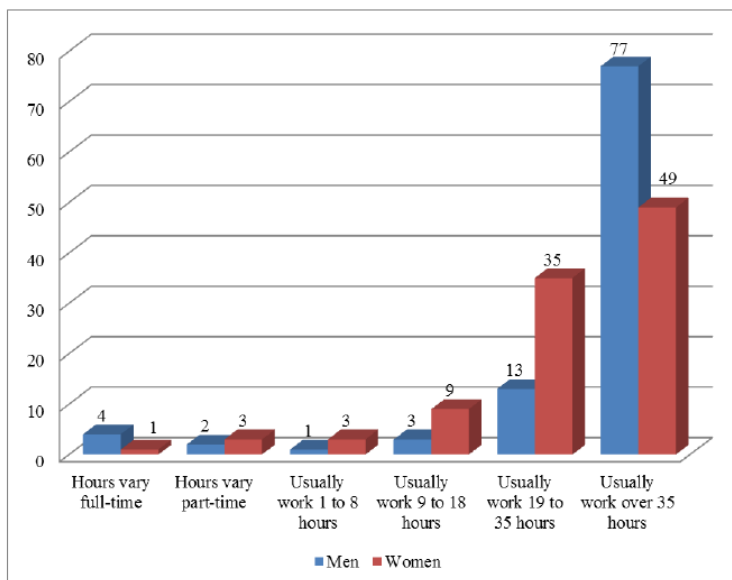
The association between low pay and those on temporary contracts of employment, which Collins (2015) finds to be statistically significant in the Irish data, is a reason for some of the concerns regarding the growing precarity of work for employees with certain characteristics and in certain sectors of the labour market. Recent years have seen aggressive casualisation within hospitality and retail sectors, where a majority of workers are women. including the spread of non-fixed hour contracts which demand full availability without security or predictability. Precarious schedules and income can make it difficult to plan care, limit educational opportunities and participation, inhibit spending and reduce access to credit.

OECD (2014b) data for Ireland point towards employees in precarious or ‘non-regular’ employment as being young (less than 25 years), working in low skilled occupations and more likely to be female and have low completed education levels. In their 2014 Employment Outlook the OECD noted

concerns regarding increasing labour market segmentation and evidence of limited progression from temporary to permanent contracts of employment. Although precarity is not unusual to labour markets at the outset of an economic recovery, there are justifiable concerns that it may persist, become structural and become the norm for more employees, particularly women (Collins and Murphy 2016).

Darmon and Perez (2010, 84) associate recent labour market changes with recommodification of labour and mobilisation of a new form of ‘floating’ or more portable and flexible employees with new labour market developments requiring ‘standby ability’ and leading to ‘flexi-insecurity’ (Murphy and Loftus 2015). In addition being in work, or taking up work, incurs additional costs on households and individuals. Depending on circumstances, additional needs arise regarding travel, fuel, personal costs and childcare among others. As NERI argue ‘while the existence of these additional costs is regularly cited, it is rarely quantified and incorporated into assessments of employment activation or the adequacy of earnings; in particular for low income individuals’ (NERI 2012). These ‘floating’ forms of work require even more in terms of costly contingency planning with standby arrangements required even without guaranteed work or income.

Chart 3 Gendered working patterns in Ireland



Source: QNHS 2014 (Q4)

Chart 3 shows a higher proportion of men work constantly variable full-time hours, while a higher proportion of women work constantly variable part-time hours (O Sullivan et al 2015 p 13). They find the key factors driving the use of ‘If and When’ contracts to be increasing levels of work during non-standard hours; requirements for flexibility in demand-led services; absence of an accessible,

affordable childcare system; employment legislation, and resourcing models of education and health services. Their analysis highlights the very low hours (1-8 hours) prevalent in the wholesale/retail and accommodation & food sectors. A quarter of all employees working 9-18 hours per week are in wholesale/retail, with another 17% working in health. A significant proportion of those who work 19-35 hours per week are in education and health. Higher proportions of personal service and sales workers than those in other occupations regularly work 1-8, 9-18 and 19-35 hours per week. Given that these occupations are highly feminised, more women than men work 1-8, 9-18 and 19-35 hours per week. Both 'If and When' hours and low working hours are prevalent in the accommodation/food and retail sectors and in certain occupations in education and health: community care work, so called 'bank' nursing, general practice nursing, university/institute of technology lecturing, adult education tutoring, school substitution, caretaking, and secretarial and cleaning work (O' Sullivan et al 2015)

They find such unpredictable working hours (both amount and scheduling) leads to: unstable income and difficulties in accessing financial credit, lack of employee input into scheduling of work hours, difficulties in managing work and family life, unrealistic employment contracts, insufficient notice and /or being sent home during a shift, a sense that workers will be penalised for not accepting work, difficulties in accessing a range of social welfare benefits, generally poorer terms and conditions in some cases

- Strengthen regulation and legislation on precarious work, including limits to the use of non-fixed hour contracts. We concur with the recommendations in O' Sullivan et al for changes to Terms of Employment Information Acts 1994 to 2012 and either repeal of Section 18 of the Organisation of Working Time Act 1997 or its amendment by introduction of a new piece of legislation or a new section into the Organisation of Working Time Act 1997
- Promote Quality standards in part-time work and training.
- Ensure reforms to Family Income Supplement and other in work benefits calculate unemployment by hours not days

6 Gendered occupational segregation

Using Collin's (2015) and O'Sullivan et al.'s (2015) analysis we can locate both low paid and precarious work. Using the €12.20 threshold, of all those who are low paid almost one-quarter are in the wholesale and retail sector with almost one-in-six (17.1 percent) in the accommodation and food sector. Collins (2015) also found that that the low paid are mainly concentrated in the private sector (87 percent) although one-in-ten are employees in the public sector. 44 percent of the low

paid work 35 hours or more per week, although relative to employees overall, the low paid are more concentrated on low hours with 25 percent working less than 20 hours per week. Most low paid workers hold a permanent contract of employment (84 percent) although there are more low paid workers on temporary contracts (16.3 percent) than the proportion of such workers among all employees (9 percent). We see low pay concentrated by gender, my migrant status and in certain sectors of the economy and related to some degree to low hours of work, part-time work and temporary contracts as well as precarious working conditions.

Addressing underlying patterns of Ireland's significant levels of both vertical and horizontal segregation has to be part of the solution to women's low pay with horizontal segregation particularly problematic for extenuating low pay for women (EC 2013). Policy initiatives to address barriers to increased female participation in certain sectors, supporting employees with childcare or other care supports to enable more hours worked, motivating students to enter atypical fields of education would address low pay and contribute to a reduction of the gender pay gap in Europe.

EC (2013) find the under-/overrepresentation of women and men (horizontal segregation) in Ireland is more pronounced regarding both 'sectors' and 'occupations' than in the EU-27. The extent of sectoral gender segregation in Ireland is slightly above the EU-27 level with women in Ireland are more likely to be found in gender typical sectors than on EU-27 average. The extent of occupational gender segregation (OGS) in Ireland is also higher than the overall OGS of the EU-27 meaning women in Ireland are more likely to be found in gender typical occupations than on EU-27 average. 65.7% of Irish men and 53.0% of Irish women are working in their respective top-5 favourite sectors with women tend to be bunched into a narrow range (six) of occupation types which are lower paid including clerical roles; sales; health; personal services; childcare; and education. These deeply embedded occupational stereotypes are socially constructed through education and market processes at a very early age and cause women to end up on lower pay without reaching their full potential.

Table 2 Gender segregation Ireland and EU 27

% of women employed in	Ireland	EU-27	% of men employed in	Ireland	EU-27
Health care and social work	22.8	18.2	Manufacturing	15.0	20.4
Wholesale & Retail	15.4	15.1	Wholesale & Retail	14.3	13.1
Education	12.5	11.7	Construction	9.9	12.1
Manufacturing	7.6	10.2	Transportation and storage	7.4	7.3
Accommodation and food services	7.4	5.4	Agriculture, forestry and fishing	6.4	5.4
Accumulated concentration	65.7	60.6	Accumulated concentration	53.0	58.3

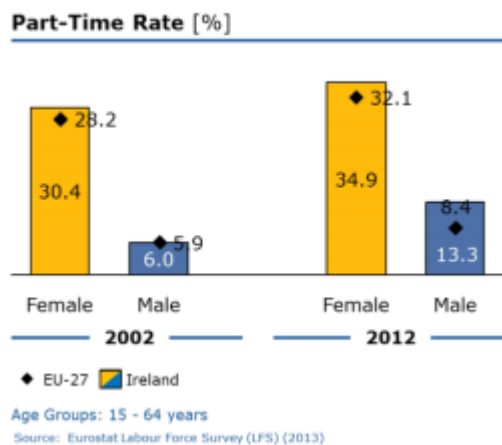
Source: Eurostat Labour Force Survey (LFS) (2013)

- LPC should support wider policy initiatives to address barriers to increased female participation in certain sectors, supporting employees with childcare or other care supports to enable more hours worked, motivating students to enter atypical fields of education would address low pay and contribute to a reduction of the gender pay gap in Europe.

7 Part time work

Segregation is very obvious in hours worked with women far more likely to work part time than men and even more likely to be 'voluntarily' working part time than men. While much of Irish female part time employment is described as 'voluntary' there is little choice in the context of restricted availability and affordability of care (child and elder). The rate of Irish women working part-time (34.9%) is above the EU-27 average (32.1%). Also, the average weekly part-time working hours by women (18.8 hours) are below EU-27 average (20.2 hours). Comparative data indicate that the proportion working part-time because they could not find full-time work is higher in Ireland (41.4%) than in the EU (28.9% in EU15 and 29.6% in EU283) (Eurostat, 2015a). While childcare is the dominant factor determining the likelihood of part-time work associated factors include limited transport and location of childcare facilities restrict women to local labour markets school time working hours. However other structural issues include occupational segregation, social welfare and tax treatment of secondary earnings, culture and lack of sharing of care, emotional work and household work.

Chart 4 Part time work female and males 2002 and 2012, Ireland and EU average



- As argued in the Oireachtas Low Pay Report Joint Labour Committees need to be extended and enforced, particularly in sectors benefiting from policy and tax concessions e.g. tourism.
- Employer organisations and trade unions should be encouraged to develop sectoral collective agreements and develop regulations customised to their sector provided the process is substantially representative of the employers' and workers' class, type or group to which the agreement applies and that the process aims to provide more stable working conditions for employees, such as annualised hours and banded hours agreements
- The issue of gendered segregation is linked to gendered patterns in sectors that are low paid and more liable to promote precarious part time work, this is a reinforcing vicious circle that requires a multifaceted approach to break.
- Government develop a policy for an accessible, regulated and high-quality childcare system that takes into account the needs of people working If and When contracts and low hours

8 Interaction with social welfare

Significant working aged income disregards are available to job seekers, lone parents and people with disabilities, as well as qualified adults (spouses or partners of these claimants). While by and large these seek to enable transition from no work to part time to full time work there is always the possibility they may have unintended consequences incentivising low hours or used by employers to create and justify false thresholds on available hours.

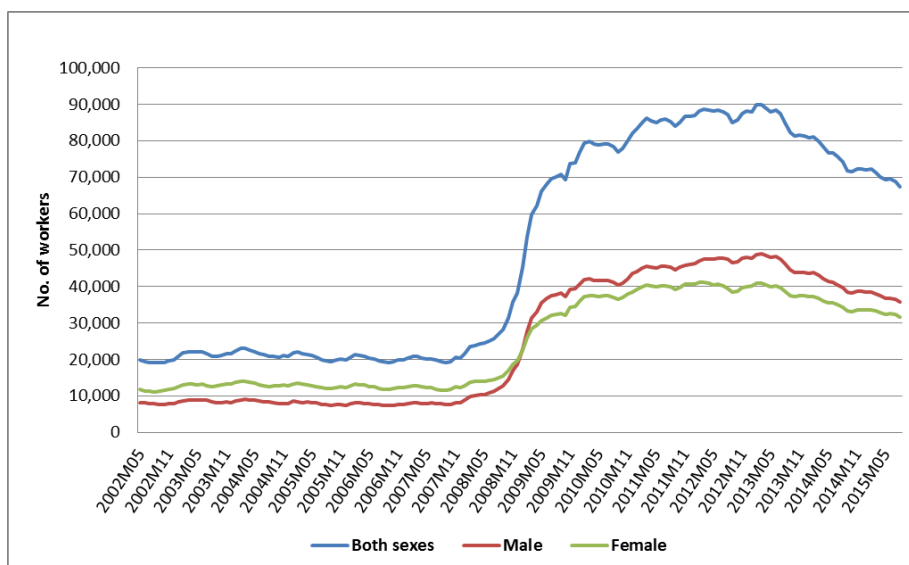
- For 40,000 + casual workers on Job Seekers the payments facilitate 3 days employment in any 7 days and in the assessment of income from part-time or casual work €20 a day of

earnings are disregarded up to a maximum of €60 a week (with subsequent earnings assessed at a rate of 60 percent),

- A working qualified adult also benefits from a disregard of up to €60 and the 60 percent rate of withdrawal. Combined, a couple can disregard €120 of earnings if both work 3 days each week. In 2012 up to 60 percent of qualified adults (98 percent of whom are women) use these income disregards while in 2015 it was estimated 40% of QAs used income disregards.
- The OPFP means test disregards the first €90 a week of earnings with half of all subsequent earnings up to €425 a week assessed as means against the claim. In 2015 45 percent of lone parents used these income disregards.
- The Disability Allowance (DA) includes an incentive to take up rehabilitative work and earn up to €120 per week without impacting on the payment, while earnings between €120 and €350 are assessed at a rate of 50 percent and over €350 are fully assessed at 100 percent in 2015. 12 percent use these DA income disregards.

A basic analysis of patterns of use of these various out of work income disregards suggests the cost to the state may reach €250m. Collectively these payments can support participation in precarious low hour's employment that would otherwise be unsustainable. It is also worth noting that there are gendered patterns in the use of these income disregards, while there are more male casual claimants, women are proportionately likely to be following a casual employment patterns, and almost 100 percent of lone parents and qualified adults utilising income disregards are women.

Chart 5 Growth in Casual and Part-Time Workers on the Live Register, 2002-2015

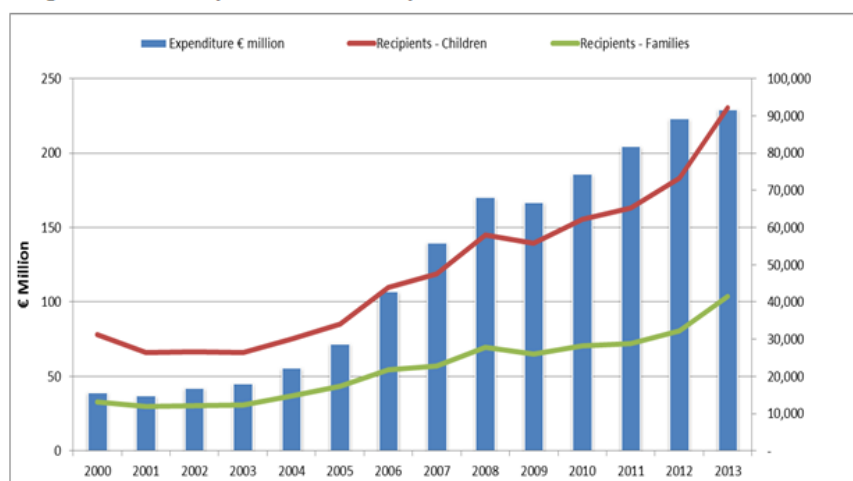


- The as yet unpublished 2014 Working Age Payments report of the Advisory Group on Tax and Social Welfare chaired by Ita Mangan contains a number of innovative policy proposals to smooth transitions from welfare to work. The LPC should liaise with Department of Social Protection and further consults with employer organisations, trade unions and NGOs, to examine how to resolve social welfare interaction with low pay and low hour employment.
- A specific study is needed to examine the degree to which these in-work benefits sustain the gendered part time pattern of the Irish labour market?

9 Cost of subsidisation of low pay

In-Work-Benefits (IWBs) expanded significantly in recent years (Immervoll and Pearson, 2009) and are used to improve financial incentives to work or address in-work poverty. Since 1984 the Irish FIS scheme provides income support to employees on low earnings with children. Changes since 1984 have focused on increasing take-up through shifts in the hours worked eligibility criterion, the basis for assessing income, increases in the income thresholds and calculation methods. Chart 3.1 shows how from 2009-2013 there has been a 60 percent increase recipients and a related increase in expenditure, there followed a significant rise from €229.6m in 2013 to €282m in 2014. Much of the overall increase can be attributed to the number of families relying on reduced earnings caused by an increase in the prevalence of lower hours and crisis era wage reductions, some of this rise might be attributed to increased take up due to information campaigns and administrative efficiencies. 50% of FIS recipients are female lone parents, these women are more likely to have lower hours and more marked part time work patterns. The Department of Social Protection has raised concerns about the rising cost to the State of income supports (Family Income Supplement and Jobseeker's Scheme) to people on variable and part-time hours.

Chart 6 Growth of Family Income Supplement



Source: DSP Statistical Reports

A second IWB (Back to Work Dividend) was introduced in Budget 2015; unlike FIS this payment has no wage ceiling and is paid to all families with dependent children moving from welfare into employment. The full child dependant addition (€29.80) can be kept for the first year of employment alongside half this amount for the second year of employment.

The previous section outlined how since 2007 the numbers of casual claimants increased by 400 percent. In 2014 78,944 or 20 percent of job seekers on the LR worked casual or part-time hours (albeit this has declined over 2015). There is also evidence of a structural use of this arrangement amongst big companies in retail sectors that are predominantly employing females including Dunnes (679), Tesco (284), An Post (306), Next (279), Primark (188) (Oireachtas 2105 p 21).

- Family Work Benefit as promised in FG manifesto should be gender proofed and examined to understand gendered impact on decisions in relation to low paid work.
- Examine structural and systematic large chain employers use of social welfare system to sustain low hour employment

10 Tax, childcare and work disincentives for secondary earners

Lower earning capacity can be explained by work arrangements such as part-time work, low level of skills, occupation or sector of employment but the design of the tax-benefit system and out-of-

pocket childcare costs affect to various degrees the choice of working hours or the choice of entering employment by secondary earners, usually women, and especially women with dependent children. Rastrigina and Verashchagina (2014) found it made little financial sense for many Irish mothers to return to work. The 'Participation Tax Rate' (PTR) summarises the combined effect of gains in earned gross income, payments of income taxation and social insurance contributions alongside any losses of welfare entitlements. A participation tax rate of 50% implies that half of the gains in earnings from commencing work are lost through changes to taxes and benefits. Irish women second earners with no children have positive participation tax rates 14.2% - only Greece has a lower rate in EU.

Participation tax rates are also low for women with two children, at 18.2%, where these couples do not have to pay for childcare. However where couples do have to pay for childcare, the participation tax rate for a women with two children rises to 94% - the second highest in the EU – she is €6 better off for every €100 gross income earned - €18.40 goes to tax and social insurance and €75.60 goes to childcare. Other costs of participation mean this gain disappears. Comparable figures include Germany include + €15/85%, Netherlands €77.90/22.1%, Sweden €68.10/31.9%, Austria (€70.90/29.1%) and Spain (€69.10/30.9%), only the UK is worst. Looking at mothers returning to work at levels of earnings equal to their partners, the Irish PTR faced by women with two children is less severe (65.1%) although it remains the second highest in the EU. There is also the issue of how the tax and social welfare system interacts to disincentivise second earners, predominantly women in coupled households (Cousins 2013). Tax transferability rules as well as earned income thresholds for the home care tax credit incentivise part time work.

Chart 7 Proportion of secondary earners facing marginal effective tax rates 50%+

Figure 7. Proportion of secondary earners-women facing Marginal Effective Tax Rates above 50%, 2012

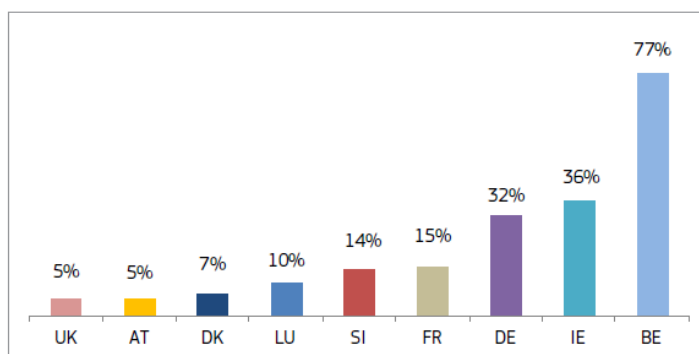
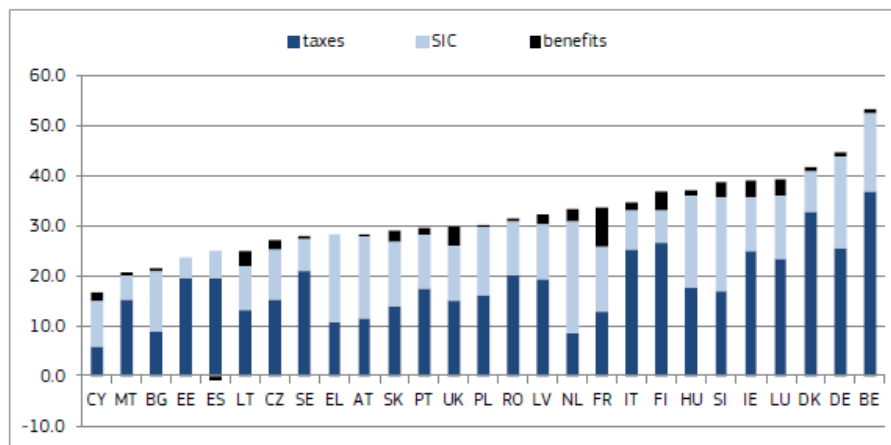


Chart 8 Decomposition of marginal tax rates for secondary earners -women 2012

Figure 6. Decomposition of the average Marginal Effective Tax Rates for secondary earners-women, 2012



The degree of progressivity in the tax code and of joint taxation is found to be among the most important elements of system design impinging on work incentives for secondary earners. The pros and cons of a joint versus individual tax-benefit system might need careful reassessment if the primary goal is to remove disincentives for women in paid work at risk of labour market exclusion (Rastrigina & Verashchagina 2014).

More generally on tax policy we note LPC overview report includes wider comment on taxation and the incentive to work extra hours. We would be concerned unfounded assumptions are used to make arguments for reduction of higher tax rates based on assertions that taxation is a general disincentive for additional hours work. We in fact know that many workers are actively seeking extra hours work with women comprising 53% of those underemployed seeking work.

Moreover we would be concerned at any precedent being set which could suggest that PRSI would need to be continually reduced to compensate for wage increases; Ireland has overall low PRSI and the debate on that must be conducted separate to minimum wage – reflecting e.g. FIS levels and pension needs. Indeed given the brief of LPC it is concerning that highest earners income share and tax contribution is particularly highlighted while a drop in income for those on the lowest incomes is dismissed while an almost doubling of tax paid is not commented on whatsoever. Employer’s suggestions that government should subsidise childcare, rents etc. rather than see wages increased, contradicts their simultaneous argument for reductions in tax contributions.


- Examine the degree to which tax transferability traps women into second earner roles and militates against women increasing earnings and working hours

- Provision of affordable childcare – both as a key aspect of boosting labour market participation and as key equality measure.
- Ireland already gathers a problematically low level of revenue as a percentage of GDP. An underlying principle of minimum and low wage policy should be to avoid using income tax or PRSI reductions to compensate for lack of incremental increases in low pay.

11 Poverty

There is a marked gendered pattern across all definitions of poverty. Particularly alarming is that 63% of lone parents were particularly at risk of deprivation in 2014. Females have a marginally higher risk of poverty than males (in 2014) while females experience a higher level of deprivation than males.

Chart 9 Poverty and Deprivation by Gender 2006-2014

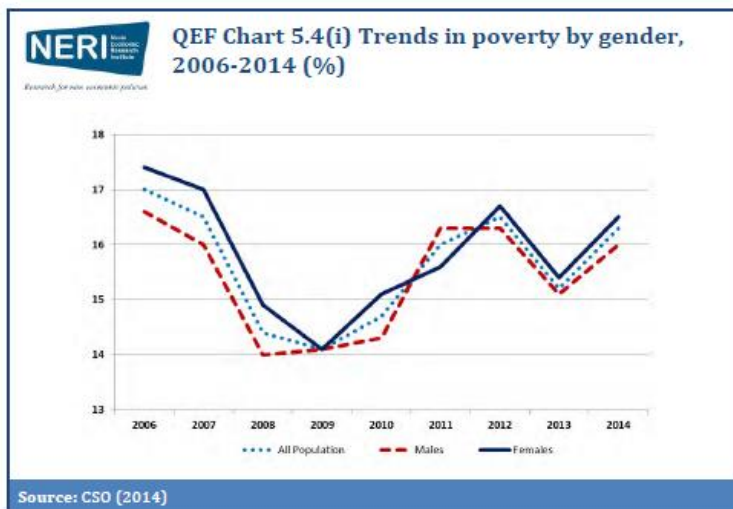


QEF Table 5.4 Poverty and Deprivation by Gender, 2006-2014 (%)

	2006	2008	2010	2012	2013	2014
At risk of poverty – All*	17.0	14.4	14.7	16.5	15.2	16.3
Males	16.6	14.0	14.3	16.3	15.1	16.0
Females	17.4	14.9	15.1	16.7	15.4	16.5
Deprivation – All*	14.0	13.7	22.6	26.9	30.5	29.0
Males	13.6	13.1	21.7	26.4	29.6	27.9
Females	14.4	14.2	23.5	27.4	31.4	30.1
Consistent Poverty – All*	6.6	4.2	6.3	7.7	8.2	8.0
Males	6.5	4.0	5.8	7.8	8.0	7.8
Females	6.7	4.4	6.8	7.6	8.5	8.3

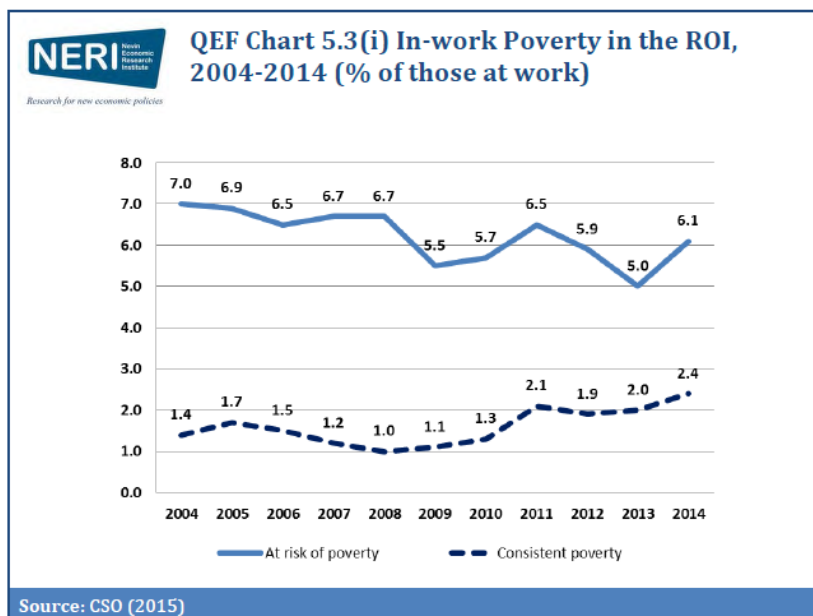
Source: CSO (2015)
 Note: *all refers to the rate for the population of the ROI

Chart 10 Trends in Poverty by Gender 2006-2014



6.15% of those in work remained at risk of poverty in 2014 and 2.4% of those in work experienced a consistent form of in work poverty (below 60% median income threshold and experienced deprivation). Workers also comprised 16% of those at risk of poverty in 2014, these are the working poor. An alarming number of households at risk of poverty live in low work intensity households.

Chart 11 In work poverty in ROI 2004-2014 (% of those at work)



- Decent work is, for some, a route of poverty. However every effort should be made to ensure that in-work poverty is reduced so that no in in work experiences poverty.
- Poverty targets should be supported through LPC minimum wage recommendations

12 Procurement

The Government can and should incorporate strong Social Clauses, and Social Criteria including gender equality and employment standards, into every area of public spending or investment which may be subject to competitive tendering. Public procurement should be a point of leverage that both requires and rewards good practice. We need a joined-up approach which ensures that wherever public monies are spent, they reinforce rather than compromise national goals, such as gender equality on the workplace or reduced pressure on social transfers such as FIS. Similar strong social clauses and evaluation criteria should be attached to many public grants, corporate tax expenditures and employer incentive schemes. Crucially this should include any new programme of capital expenditure outlined in Budget 2016.

- Identify pay and living wage standards as ‘economically advantageous criteria’ when transposing EU Public Procurement Directives.
- Attach strong social clauses and criteria, including gender equality, quality employment remuneration to public spending or competitive tendering and to Capital Expenditure

13 Intersectionality, women vulnerable to low paid employment

Male breadwinner activation

The Irish labour market activation strategy Pathways to Work focuses on the claimant count or ‘live register’ (LR). This political and cost saving imperative, to reduce the LR, is at the expense of many women (qualified adults, carers and lone parents) and people with disabilities who are outside the target of what is essentially a male bread winner activation model (Rice, 2015) and with little to no access to education , training and public employment services.

- Pathways to work 2016-2020 should expand enabling active labour market supports on a voluntary basis to lone parents and qualified adults and also ensure that jobseekers are not being activated into insecure work.

Lone parents

In 2015 lone parents whose youngest child is aged between seven and thirteen years were moved to a Jobseekers Transition Allowance (JSTA) while those whose youngest child is fourteen or older are

required to seek and accept full-time work under the same condition and rules as apply to job seekers with no children. Analysis of the reforms shows that these changes will impact negatively on thousands of working lone parents (Murphy, 2014). In 2015 the OPFP means test disregards the first €90 a week of earnings with half of all subsequent earnings up to €425 a week assessed as means against the claim. In 2015 45 percent of lone parents used these income disregards. Present policy emphasises ideal income maximisation scenarios where lone parent working 20 hours on the minimum wage qualify for in-work benefits such as FIS. This does not recognise that, in fact, many lone parents might qualify for only sub- minimum wage or those proposals to reform FIS into Family Work Benefit may disadvantage lone parents.

- The €160 income disregards formerly available to lone parents worked to enable labour market attachment during the period children were dependent. These should be restored.
- LPC need to monitor this ongoing pressure on lone parents to involuntary increase hours in low paid work.

Qualified Adults

To be a Qualified Adult (QA), the 'second' adult in social welfare dependant coupled households has to earn below a €100 weekly income threshold². QA earnings impact not only on the amount of QA paid but also impact on the family payment. Since 2008 both the job seeker claimant and the QA or 'partner' is each allowed earn €20 per day before the family welfare payment is reduced by 60 cents for every euro earned. The primary claimant is restricted to three days part-time work; however the QA has no such restriction and can work flexibly across the week. Table 3 below shows how numbers of QAs rose substantially over the period (as did the numbers of children living in such households, contributing to the high numbers of low work intensity households in Ireland. Of concern to the LPC is that many of these households (40%-60%) use QA income disregards to support low paid and low hours of employment.^{3,4} (Murphy 2016).

² This formal definition of dependency applied to both means-tested assistance and insurance based payments and now applies to all married, cohabiting, opposite and same sex couples.

³ A 'limitation rule' means the maximum 'QA' payment is limited to 70 per cent of the primary claimant (those earning between €100.01 and €310 gross per week qualify for a tapered QA adult payment)

⁴ In 2015 the full QA amounted to €124.70 or 68 per cent of the €188 primary claim, with higher amounts for contributory and non-contributory pensions and lower amounts for JSA claimants aged 18-14.

Table 3 Numbers of qualified adults 2007 and 2014

Table 3. Numbers of recipients of qualified adult and full child dependent allowances.^a

Payment category	2007	2007	2014	2014
	QAs	Children in households with QA payment	QAs	Children in households with QA payment
Working age income supports (incl JSA and JSB)	26,688	68,747	80,029	226,339
In-work-payments	6,149	14,256	17,093	29,463
Illness, disability and caring payments	25,925	33,997	24,883	38,892
Contributory and non contributory pensions	67,275	3154	72,185	12,769
Total	126,037	120,154	194,190	307,463

Source Murphy 2016

- A large number of QAs (partners or spouses) live in low work intensity households with unemployed or disabled partners. To maximise participation tax and social security individualisation and gender equality should guide income policy reforms.
- Review QA and LP work patterns to ensure income disregards do not lead to structural traps in certain gender segregated occupations (cleaning, retail, catering etc.).

Migrant women

Female migrant workers are very exposed to low wages and precarious employment. MRCI research on domestic care workers highlights the need to ensure wage regulation and employment standards are fully implemented and certain sectors require extra levels of monitoring to ensure workers are not vulnerable to low pay and precarious work. A second category of concern is the predominantly female au pairs who have recently been the subject of a labour court ruling that they be included in the minimum wage threshold. The LPC should have a specific overview role in the implementation of the LRC judgement and development of policy in this area. Finally we urge the right to work (for fair remuneration) for Asylum Seekers in Direct Provision.

Young women

CSO data shows that in 2014, 38% of those that emigrated had a job (40% of women and 36% of men). NWCI's own qualitative research and testimony from young women in our networks suggests that poor pay and precarious conditions are a serious factor for those considering emigration. A gender sensitive assessment of the impact of sub-minima rates is required to assess the degree to which poor conditions of entry level employment are factors encouraging young Irish to emigrate. NWCI believe that there is a strong case to be made for ending the payment of sub-minima rates below the minimum wage, particularly in the case of sub-minima rates for those under 18 and those over 18 in their first two years of employment.

The more than 50% reduction in full rate of Job Seekers Allowance for young women and men 18-23 leaves many vulnerable and open to exploitation in poor quality employment. Pathways to Work 2016-2020 commits to a review of this policy and an examination of outcomes related to this policy. Experiences of entrapment in low quality poorly paid employment should be part of this review and the review should incorporate a gender sensitive social impact assessment of the impact of reduced rate social protection payments.

Various reviews of Job Bridge have highlighted mixed but often negative experiences of young women and men. Labour market programmes should be reviewed to ensure the minimum wage is paid for all productive work experience placements in mainstream economy and an appropriate (increased) training rate is paid when monitored quality certified training is part of the placement.


Horizontal employment segregation accounts for at least some of the gendered experience of low pay in Ireland. Gender targets have to be developed for all apprenticeship and trainee programmes alongside targeted recruitment campaigns to ensure maximum take-up by women.

14 Structure, coverage and level of the Irish minimum wage, and minimum hours

Finally and at a more macro level NWCI acknowledge Ireland's position in the open global economy and Ireland's need to remain internationally competitive however two points are pertinent. Wages alone do not determine the degree of competitiveness in any economy, the level of investment in public services is as important as is the availability of key services which can maintain a reasonable

cost of living. Comparative data also shows that in key low paid sectors like food and accommodation for example Irish wages are competitive. The case is likewise for retail, wholesale and manufacturing.

Table 4 Cost of employing labour in food and accommodation sectors (EU 15)



QEF Table 3.1b Cost of Employing Labour in the Accommodation and Food Sectors across Advanced EU Economies (EU15)

Country	€	€PPS
Denmark	27.78	19.36
Sweden	23.95	18.94
France	23.05	20.91
Finland	22.98	18.43
Netherlands	18.62	17.21
Luxembourg	17.56	14.28
Germany	14.70	14.25
Rep. Ireland	13.83	11.89
Spain	13.83	14.23
United Kingdom	10.32	10.12
Portugal	8.93	10.26
EU-15*	17.78	15.44

Source: Eurostat online database
Notes: *EU-15 refers to 11 countries. Data for 2011 were not available for the following EU15 countries: Belgium, Greece, Italy and Austria

NWCI believe the rate of minimum wage should increase incrementally at set periods with adequate exclusion or inability to pay clauses and that, to avoid new cliffs or employment traps, these increases need to be automatically aligned with PRSI exemption thresholds.

We also encourage promotion of the 'Living Wage'. While Vincentian Partnership analysis offered an hourly figure of €11.45, they make it clear that this calculation is for a single adult working full time with no childcare costs and also provide a series of weekly or monthly calculations for different household types. The Commission should consider a wider definition of or approach to a Minimum Wage and associated recommendations with a view to embracing new and old forms of non-standard employment.

Looking beyond an 'hourly' approach is particularly important given the increasing prevalence and lived reality of insecure and non-fixed hour contracts, something already recognised by the Government as a concern. This has now extended to pay 'by minute' units. Women are particularly vulnerable to such contracts. The concept of "minimum hourly rate of pay" is well established however there is now growing international recognition of the need for a wider perspective in relation to low and minimum pay, this could extend to the concept of 'minimum hours'.

A second emerging group who do not enjoy the benefit of minimum wage protection are bogus self-employed, including many piece-rate workers, child care workers, caterers, cleaners etc. Criteria to establish bone-fide employment relationships can be established (for example existence of one primary or exclusive contract, with control by contracting agent over working hours). In such instances contracts should be regulated to ensure at least minimum wage or sectoral wage outcomes.

- Minimum wage coverage should be extended to core groups traditionally excluded from coverage , some of whom are more likely to be female including Relatives Assisting
- The minimum wage should continue to be incrementally increased (with inability to pay clauses) and, to avoid new cliffs or employment traps, minimum wage increases need to be automatically aligned with PRSI exemption thresholds

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