

March 2022

Submission to the Low Pay Commission

Introduction

The National Women's Council (NWC) is the leading national representative organisation for women and women's groups in Ireland, founded in 1973. We have over 190-member groups and a large and growing community of individual supporters. The ambition of the National Women's Council is an Ireland where every woman enjoys true equality, and no woman is left behind. We are a movement-building organisation rooted in our membership, working on the whole island of Ireland.

NWC welcomes the opportunity to make this submission to the Low Pay Commission (LPC). For many women, paid work is no guarantee of income adequacy with women predominating in low paid and precarious work. Essential workers, 70% of whom are women¹, are among the lowest paid in the economy. Women are more likely to be minimum wage or low paid workers. Women's unpaid care roles limit their choices around paid work. These inequalities are reflected in a gender pay gap of 11.3%² and a gender pension gap in later life of 29%.³

While the main purpose of the LPC is to set the National Minimum Wage (NMW) at a fair and sustainable rate⁴, it is the view of NWC that tackling low pay among women requires further attention to the drivers of gender inequalities in the labour market.

The gendered nature of low pay

Minimum wage workers comprise 6.8% of the workforce but are they more likely to be women. The share of minimum wage workers who are women currently stands at 56.5% with no progress on addressing this inequality since the LPC/CSO commenced data collection in 2016. In fact, the proportion of women who are NMW workers has increased slightly since then.⁵ Low pay, defined as the share of workers earning less than two-thirds of median earnings, is also a gendered phenomenon. The incidence of low pay is 18.3% among women compared to 12% of men with women making up 60% of those who are low paid.⁶

Gender segregation means that women predominate in low paid sectors such as care and hospitality. The NMW is most prevalent in the hospitality sector⁷ and women comprise 60% of workers in this sector.⁸ Half of early years workers earn less than the Living Wage.⁹

Young people are over-represented amongst NMW workers with those under 24 making up 47.4% of the share of workers on the minimum wage.¹⁰ Women are more likely to work in part-time roles and part time workers comprise more than half of NMW workers (54.3%) whereas they comprise only 17.8% of all workers.¹¹

¹ ESRI (2020). Essential employees during the covid crisis. https://www.esri.ie/system/files/publications/SUSTAT85_0_0.pdf

² Eurostat (2022). Gender pay gap in unadjusted form. https://ec.europa.eu/eurostat/databrowser/view/sdg_05_20/default/table?lang=en

³ Eurostat (2021). Gender pension gap data 2019. <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210203-1>

⁴ LPC (2021). Annual report 2021. <https://www.gov.ie/en/publication/a8e07-low-pay-commission-annual-report-2021/>

⁵ Ibid

⁶ Eurostat (2022). Incidence of low pay. <https://stats.oecd.org/Index.aspx?QueryId=64193>

⁷ LPC (2021). Annual report 2021. <https://www.gov.ie/en/publication/a8e07-low-pay-commission-annual-report-2021/>

⁸ CSO (2022). LFS – Q4, 2021. CSO - <https://www.cso.ie/en/releasesandpublications/ep/p-lfs/labourforcesurveyquarter42021/tables/>

⁹ Pobal (2021). Annual early years sector profile report 2020/2021

¹⁰ LPC (2021). Annual report 2021.

¹¹ Ibid

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Improvements over time have meant that there is now little difference in the percentage of non-Irish national and Irish national workers earning the NMW.¹² However, overall figures can obscure challenges faced by migrant women who face a 'double wage penalty', partly due to their overrepresentation in low paid, care work.¹³ Among undocumented workers, many of whom work in care and other essential sectors, 26% report earning less than the minimum wage.¹⁴

In work poverty is a significant problem. Of those living in consistent poverty in 2020, 15% are employed and workers represent 20% of those at risk of poverty.¹⁵ Lone parents, 86% of whom are women, are five times more likely to experience in work poverty than two parent families.

The labour force participation rate of disabled women is lower than that of disabled men (26% compared to 35%)¹⁶ and the median income of disabled people in employment is €20,212, compared to the overall median of €36,095.¹⁷ Traveller women are all but excluded from the workplace, with 80% of Traveller women unemployed.¹⁸ While pay data for disabled and Traveller women is not available, it is likely that pay patterns replicate broader economic inequalities experienced by disabled and Traveller women.

The low pay that women's labour is subjected to is also shaped by the intersection of gender with age, income, education, family status, membership of the Travelling community or other ethnic minority communities, disability, migration status, LGBTQI+ identity, living in an urban or rural area and other systemic marginalisations. Effective policy making must take into account these intersections and the long-term impact on income and pension poverty.

Recommendations:

- Publish a gender and equality impact statement of the LPC's recommendations
- Examine how data on low pay and the NMW can be collected across the equality grounds with gender as a cross-cutting issue

Increase the Minimum Wage to the Living Wage

The NMW of €10.50 is substantially below the Living Wage €12.90 per hour.¹⁹ While there has been increases in the NMW in recent years, it stagnated during austerity years with no increase between 2007-2015. The government must become serious about closing the gap between the NMW and the living wage. To do so we need to see greater increases in the NMW than what have been delivered in recent years. In Budget 2022, the NMW increase of 30c was insufficient to maintain the living standards of those trying to survive on low pay.²⁰

NWC understands that the LPC has commissioned research, at the request of the Minister for Enterprise, Trade and Employment on approaches to achieving the Programme for Government commitment. NWC calls on the LPC to set out a clear pathway to delivering a living wage. The Citizens'

¹² Ibid

¹³ ILO (2020). The migrant pay gap: Understanding wage differences between migrants and nationals

¹⁴ MRCI (2020). Live here, work here, belong here. A survey of over 1,000 undocumented people in Ireland

¹⁵ CSO (2021). SIIC 2020. <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2020/povertyanddeprivation/>

¹⁶ CSO (2017). Census 2016.

¹⁷ CSO (2020). Income, Employment and Welfare Analysis of People with a Disability 2019.

<https://www.cso.ie/en/releasesandpublications/ep/pe-iewad/incomeemploymentandwelfareanalysisofpeoplewithadisability2019/incomeandemployment/>

¹⁸ Irish Human Rights and Equality Commission and Economic and Social Research Institute. Who experiences discrimination in Ireland?

¹⁹ Living Wage Technical Group (2022). <https://www.livingwage.ie/>

²⁰ NWC (2021). Budget 2022 Gender Analysis. https://www.nwci.ie/images/uploads/Budget_2022_Gender_analysis_final.pdf

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Assembly recommended that the the minimum wage be aligned with the living wage by 2025, reflecting public support for urgently addressing low pay.²¹

Increases in the NMW should not impact on eligibility for secondary welfare supports such as the Working Family Payment, medical card, One Parent Family Payment or the National Childcare Scheme. Workers must receive the maximum benefit from increases in pay.

Through research on potential adverse impacts, the ESRI has found that previous increases in the NMW have reduced wage inequality²² while having no negative impact on employment rates.²³ Increasing the NMW would also help to achieve other policy goals with the European Commission estimating that Ireland's gender pay gap could decline by almost 10% if the NMW were to reach 60% of median wages.²⁴

End discrimination against young workers

The NMW of €10.50 applies to workers aged 20 and over with rates of €9.45 for 19-year-olds (90% of the NMW) and €8.40 for 18-year-olds (80% of the NMW). The policy of reduced minimum wages for those under 20 institutionalises low pay among young workers. Research by the ESRI shows concerning levels of intergenerational inequality with those born in the 1980's and 1990's bucking longstanding trends by no longer earning more than their parents (accounting for inflation). Shockingly, young workers born in the 1990's earn less than those born in the 1980's or 1970's and on par with those born in the 1960's at age 20-22.²⁵

Recommendations:

- Set a clear pathway to achieve a living wage with substantial progress towards achieving this in the NMW for 2023
- Income disregards, means tests and eligibility thresholds should be adjusted to reflect changes in the NMW in order to maintain the value of these supports
- Abolish sub-minimum rates of the NMW for adults under 20

Care & Low Pay

Care is at the heart of women's economic inequality. The unequal division of unpaid care and the prohibitive cost of childcare continue to limit women's choices with regard to participation in the labour market. Unpaid care work is linked to wage inequality, lower incomes and poorer educational

²¹ Citizens' Assembly on Gender Equality (2021). Report of the Citizens' Assembly. <https://www.citizensassembly.ie/en/previous-assemblies/2020-2021-citizens-assembly-on-gender-equality/about-the-citizens-assembly/report-of-the-citizens-assembly-on-gender-equality.pdf>

²² ESRI <https://www.esri.ie/news/the-2016-minimum-wage-increase-led-to-a-reduction-in-wage-inequality>

²³ ESRI <https://www.esri.ie/publications/the-impact-of-a-minimum-wage-increase-on-temporary-contract-workers>

²⁴ EU Commission. Commission staff working document impact assessment. Accompanying the document Proposal for a Directive of the European Parliament and of the Council on adequate minimum wages in the European Union SWD/2020/245 final.

²⁵ ESRI (2021). Poverty, income inequality and living standards in Ireland. <https://www.esri.ie/publications/poverty-income-inequalityand-living-standards-in-ireland-0>

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outcomes, according to the UN.²⁶ Caring responsibilities are a driver of high levels of involuntary, part-time work in Ireland.²⁷

People in Ireland do the most unpaid care work in the EU with the majority of this still performed by women.²⁸ The provision of care, especially public provision, will support women to access the labour market and have a knock-on effect for female earnings²⁹. It will mean women face less severe wage penalties resulting from time spent outside the labour market while undertaking care work³⁰, and may impact the fields women choose to work in, being less pushed out of necessity into fields that offer higher flexibility but lower pay.³¹

As sole earners and caregivers, lone parents' work choices are especially impacted by their care roles. Research by SVP has shown that increased employment among lone parents in recent years has been accompanied by an increase in in-work poverty, suggesting that the work available to lone parents is mainly low income, low hours, precarious work.³²

According to a recent report by the ESRI, only full-time employment is effective in lifting families out of poverty. These findings are hugely problematic for lone parents who bear primary responsibility for care and often cannot reconcile full time work with care. The provision of public childcare is particularly important for lone parent families. As well as this, the social welfare system must recognise lone parents' care responsibilities and must ensure that part time work, combined with social welfare payments is enough to provide economic security to one parent families.³³

Pay and conditions for care workers

Workers in the Early Years Education and Care (ECEC) and adult social care sectors also face low pay and precarious work. At 98%, the vast majority of ECEC workers are women. More than half of workers (55%) earn less than the living wage.³⁴ At 45% of the workforce, part-time work is higher among early years workers than most occupations.³⁵ Moreover, many contracts are fixed term, which usually last for 38 weeks. Only half of the workforce have permanent jobs.³⁶

The adult social care sector increasingly relies on home care and private sector provision, with a feminised, often migrant, low paid and precarious workforce.³⁷ Official statistics on the pay of adult care workers is not available. Based on a one-day survey during the pandemic in 2020, most adult care workers earn

²⁶ UN (2020a) *Policy Brief: The Impact of COVID-19 on Women*. <https://www.un.org/sexualviolenceinconflict/wp-content/uploads/2020/06/report/policy-brief-the-impact-of-COVID-19-on-women/policy-brief-the-impact-of-COVID-19-on-women-en-1.pdf>.

²⁷ Barry, U. (2021). *The Care Economy, Covid-19 Recovery and Gender Equality*. <https://publicpolicy.ie/perspectives/the-care-economy-covid-19-recovery-and-gender-equality-a-summary-report/>

²⁸ These figures are based on microdata from the 2016 European Quality of Life Survey (EQLS), which is undertaken every four years across the EU. Sweeney, R. (2020). *Cherishing all equally: the care economy*. <https://www.tasc.ie/publications/cherishing-all-equally-2020-the-care-economy/>

²⁹ Freeman, R. (2007). 'Can marketization of household production explain the jobs.', in Salverda et al. (eds.) *Services and Employment: Explaining the US-European Gap*, Oxfordshire: Princeton University Press, pp. 198-216

³⁰ Halldén, K., Levanon, A., & Kricheli-Katz, T. (2016). Does the motherhood wage penalty differ by individual skill and country family policy? A longitudinal study of ten European countries. *Social Politics: International Studies in Gender, State & Society*, 23(3), 363-388.

³¹ Valentino, L., Moller, S., Stearns, E., & Mickelson, R. (2016). Perceptions of future career family flexibility as a deterrent from majoring in STEM. *Social Currents*, 3(3), 273-292.

³² SVP (2019) 'Working, Parenting, Struggling? An analysis of the employment and living conditions of one parent families in Ireland.' https://issuu.com/svp15/docs/working_parenting_and_struggling_-_/?e=25010855/71456122

³³ Maître, B., Russel, H., Smyth, E. (2021). *The Dynamics of Child Poverty in Ireland: Evidence from GUI*. <https://www.esri.ie/system/files/publications/RS121.pdf>

³⁴ Pobal (2020). 2019/2020 Annual early years sector profile report.

³⁵ NERI (2020), in NWC

³⁶ NWC (2022). Submission to the COTW. https://www.nwci.ie/images/uploads/COTW_NWC_submission_Jan_2022_2.pdf

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around €12 or less.³⁸ Workers in the private sector have weaker rights and are required to accept more unstable working hours than those working for non-profit or public sector providers.³⁹ Perhaps only a quarter of care assistants are members of a trade union, and precariousness is also high in the sector.

The marketisation of care work is linked to lower pay and conditions, making formal care both expensive and care work an unattractive career. Without increased public funding, significant improvements for one group of women will be at the expense of others. Investment in a public model of care is required to support decent pay and conditions for care workers and to provide quality and accessible services. The Citizens' Assembly on Gender Equality recommended increased investment in a public care model and that the paid care workforce should have pay and benefits reflecting their skills as well as a career structure and professional development.⁴⁰

Recommendations

- Recognise care as a key driver of women's over-representation in minimum wage and low paid work
 - Support the need for investment in a public care infrastructure for ECEC and adult social care
 - Support the recommendations of the Citizens' Assembly on increasing pay and improving working conditions for workers in the ECEC and adult social care sectors

A framework for addressing low pay

Collective bargaining is one of the most effective ways to create more equal redistribution of wealth, reduce inequality and address low pay. Research has indicated that countries with a high coverage of collective bargaining tend to have shorter working hours for both women and men, more flexible work options under secure employment conditions, better protection for non-standard workers, as well as a reduced gender pay gap.⁴¹ However, the proportion of employees covered by collective bargaining agreements in Ireland is low.

Legislation is of particular necessity in Ireland, as our laws allow employers not to recognise unions in pay disputes. Unions are often not recognised and joint labour committees don't exist in many of the sectors women predominate. The proposed EU Directive on Adequate Minimum Wages will require Ireland to take measures to promote collective bargaining to in order to reach a threshold of 70% collective bargaining coverage. The Citizens' Assembly on Gender Equality also recommended that Ireland legislate for collective bargaining rights. NWC recommends that the LPC take proactive measures to support collective bargaining as a strategy to tackle the gender pay gap and ensure adequate pay.

Public procurement can be a key lever in driving better terms and conditions for workers, given its significance in terms of government spending. Public procurement within the Public Service represents an estimated €15 billion a year.⁴² Government departments use procurement for a broad range of services including facilities management such as cleaning services, security services and waste management as well

³⁸ NWC (2022). Submission to the COTW. https://www.nwci.ie/images/uploads/COTW_NWC_submission_Jan_2022_2.pdf

³⁹ Mulkeen, M. (2016). Going to market! An exploration of markets in social care. Administration, 64(2), 33–59

⁴⁰ Citizens' Assembly on Gender Equality (2021). Report of the Citizens' Assembly. <https://www.citizensassembly.ie/en/previous-assemblies/2020-2021-citizens-assembly-on-gender-equality/about-the-citizens-assembly/report-of-the-citizens-assembly-on-gender-equality.pdf>

⁴¹ European Trade Union Confederation (ETUC). Collective bargaining and gender equality. <https://www.etuc.org/en/collective-bargaining-and-gender-equality>

⁴² DPER (2020). DPER Briefing Note Public Procurement 21/05/20

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as ICT services and equipment. Public procurement policies can promote decent work by making public contracts only available to those companies that pay at least a living wage, are addressing their gender pay gap and respect workers' right to collective bargaining. We must ensure that public benefit is gained from public spending.

Recommendations:

- Legislate for collective bargaining rights, as recommended by the Citizens' Assembly
- Support advancement of a living wage, reduced gender pay gap and better conditions for workers by:
 - Attaching social criteria, clauses, and conditionality to Employer incentive schemes
 - Advocating for government procurement processes to ensure living wage social clauses in key sectoral procurement processes in female dominated sectors