

**PRESENTATION TO JOINT OIREACHTAS COMMITTEE ON JOBS, ENTERPRISE AND INNOVATION**

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24th March 2015

The National Womens Council of Ireland (NWC) would like to thank the Joint Oireachtas Committee for Jobs, Enterprise and Innovation for the opportunity to present today. We believe the establishment of a Low Pay Commission is a positive step and a very welcome recognition of a serious problem around low pay in Ireland. It is critically important that the Commission reflect a strong gender perspective in its analysis and recommendations.

We know from our members and from the figures, that this is a crisis which 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% now. Historically one of the few measures to significantly narrow the gender pay gap was the introduction of a Minimum wage. We therefore look to increases in that minimum with great interest.

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While I would be happy to discuss these matters in further detail, we have been asked to focus our comments today on the Heads of Bill currently before the Committee. NWC do have a number of serious concerns and suggested amendments around the wording of this legislation which we believe should be considered to ensure the Bill truly supports delivery of the publicly stated goals and ambition of the Low Pay Commission.

NWC would like to make a number of recommendations under **Head 2** of the Bill

Specifically **Section 12** which sets out functions of the Low Pay Commission and under **Part 2** lists a number of items which *"In making a recommendation....the Commission shall have regard to"*

**1 >** Firstly, Given the serious gender concerns around low pay with a large majority of low paid workers being women and a widening gender pay gap. It is crucial that the Low Pay Commission be 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. Explicit '*regard to*' equality is also important and appropriate in light of the new 'Positive Duty' which requires each Public Body to mainstream active measures towards the promotion of equality within all aspects of their work. NWC would therefore suggest the addition below (all recommendations thereafter inset in bold italic).

**( ) The promotion of equality and specifically gender equality - (NWC Proposed Addition under Head 2 Section 12 Part 2 – to be included as stand alone point and also under subsection (g)re potential impact of order.)**

**2 >** It would seem absolutely essential that when making a recommendation as to wage levels, the Commission would give consideration to the cost of living as experienced by workers. However, as currently phrased, the Bill does not name 'cost of living' within points (a) to (f) as an overall issue which the Commission "shall have regard to" in developing an order and instead it is only mentioned within the much narrower focus of point (g) which looks at the potential effects of an order.

*The Commission shall have regard to ...*

..... (g) the likely effect that any proposed order will have on

(i) levels of employment and unemployment

(ii) the cost of living

(iii) national competitiveness

In other words, as currently constructed, the Commission are not being asked to consider the impact that cost of living should have on minimum wages but rather the impact that minimum wages might have on cost of living. This is clearly a serious concern and against the spirit of the Bill. NWCI suggest an amendment to ensure 'cost of living' be explicitly named as an essential area to have 'regard to' in developing a recommendation and indeed be placed high within that list.

**( b ) the cost of living - ( NWCI Suggested Amendment Head 2, Section 12, Part 2)**

**3 >** With regard to point (d)

*(d) International comparisons, particularly with Great Britain and Northern Ireland.*

It is not clear what the rationale might be for such specific privileging of comparison, including for example, statistical comparison with Great Britain and Northern Ireland, over contexts as Europe or the OECD. For example, both OECD and European Research Bodies such as EUROFOUND have been seen to provide Ireland with important evidence around low paid or precarious work.

In order to ensure that the Commission are encouraged to consider the most relevant evidence from an evolving international context, point d might be shortened to

**- (d) International comparisons – ( NWCI Proposed Amendment under Head 2 Section 12)**

**4 >** With regard to point (e)

Given that both unemployment and employment are clearly identified as considerations under point (f) of Section 12 NWCI would have questions as to the rationale behind the additional inclusion of

*(e) The need for job creation (Head two Section 12)*

This point can be read as implying a potential trade-off between 'job creation' and 'wage levels'. Not only is this an unproven assumption which should not be embedded within this legislation, it also opens up the danger of 'creation of jobs' being routinely deployed as a rationale for lower wages.

NWCI suggest that the Bill would more accurately and appropriately reflect the specific and publicly stated social and economic goals of this legislation If point e were amended to read

**- (e) The need for quality job creation - (Proposed Amendment under Head 2 Section 12)**

**5 >** NWCI would also suggest two other additional matters which the Commission should be asked to "have regard to" in making its recommendation. In 2014, 16% of those below the poverty line were in employment and reduction of poverty has been a long stated goal of many national strategies. One clear consideration for and measure of the Low Pay Commission should therefore be reduction in the levels of in-work poverty.

**- ( ) In work poverty levels (Proposed Addition under Head 2 Section 12 Part 2 – as stand alone point and also under subsection (g))**

Another crucial area of 'regard' should be the wider social impact of wage levels and the associated cost or benefit to the state. On one level we know that a large and growing number of families who do have employment must nonetheless rely on Family Income Supplement from the Department of Social

Protection to keep themselves out of poverty, a considerable cost to the state. Low pay can also limit access to mainstream credit, creating further social pressures. 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 this could provide should also be considered.

- **( ) The social and economic impact of wage levels and associated cost or benefit to the state. - (Proposed Addition under Head 2, Section 12, Part 2 – as stand alone point and also under subsection (g))**

**6 >** All additional areas of regard should also be reflected under **Head 12, Section 12, Part 4** re the three yearly report of the Commission.

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Moving to **Section 13** , still within **Head 2**

**7 > NCWI** would highlight one crucial point under Section 13. While this Bill is amending “The National Minimum Wage Act 2000” there is a specific focus on the “minimum hourly rate of pay”.

Yet there is growing international recognition of the need for a wider perspective in relation to low and minimum pay. For example, while the ‘Living Wage’ research developed by the Vincentian Partnership does offer 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. 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. Women are particularly vulnerable to such contracts.

It would be positive if the Bill were to allow the Commission and the Minister scope to, in the future, consider a wider definition of or approach to a Minimum Wage and associated recommendations

- **NWCI Recommendation - Replace ‘national minimum hourly rate of pay’ with ‘national minimum hourly rate of pay and other minimum wage measure as required’ in Parts 1, 2 and 4 of Section 13 under Head 2**

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Re the Schedule for establishment of the Low Pay Commission

**8 >** NWCI warmly welcome the named commitment to gender balance in the Commission.

**9 >** However we believe that under Membership criteria for ordinary members, ‘sociology’ should be recognised as an eligible area of “particular knowledge or expertise, as insight into areas such as the social dynamics of labour or social impact of low pay could greatly benefit the work of the Commission.

- **NWCI Recommendation ‘Sociology’ to be included under Part c of Section 2 under Membership**

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Lastly, NWCI would like to conclude by congratulating all those members recently appointed to the Low Pay Commission. We look forward to engaging with them, with the Minister and with the members of this Joint Oireachtas Committee in seeking to ensure that this important legislation achieves its potential and that the Commission has a strong and positive impact on the lives of all those who live and work in Ireland.