



European Anti-Poverty Network (EAPN) Ireland

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EAPN Ireland Submission to the National Minimum Wage Consultation

EAPN Ireland welcomes the opportunity to respond to the national minimum wage consultation process. EAPN Ireland has consistently advocated for income adequacy as a means of preventing poverty and addressing social exclusion. We believe that a household's income, such as social welfare payments and wages, should be benchmarked against the Vincentian Partnership for Social Justice research which establishes a Minimum Essential Standard of Living, (MESL), that is the income required to meet the physical, psychological and emotional needs of a household.

The question must be asked, what value do we place on "work" in Irish society? Given the recent Covid-19 global crisis, it can no longer be said that minimum wage jobs are simply "low skilled" or "non-essential". The pandemic has shown us what essential work looks like, we have seen employees, who are working on or close to the minimum wage, take to the frontline during a pandemic, working in care homes and our health services, ensuring the highest levels of hygiene and cleanliness, caring for older people and people with additional needs, working in transport and retail. It is no longer possible to ignore the vital role these workers have played during a time of national emergency, often at great cost to themselves. It is no longer viable to offer people in traditionally low wage sectors an income that does not meet the cost of living. If not to meet basic and essential needs of a household, (physical emotional and psychological) then what exactly is the purpose of paid employment? Income adequacy, via employment or through the welfare system, enables households to meet their essential needs, move forward in life and contribute to and engage in society in a variety of ways, broadening the capacity of households to plan for the future and respond to emergency situations and expenses as they arise. Income adequacy also reduces the need for households to seek help with basic necessities via emergency response supports, such as food banks, meaning that money invested in services providing basic necessities can be redirected to long-term and more sustainable social inclusion initiatives and measures. Research shows that the annual cost of poverty in Ireland to public services is almost €4.5bn. Using a more conservative set of costing assumptions the low estimate determines a cost of €3bn per annum.¹ Unless our social policies on income and employment are developed with a view to preventing and addressing poverty and inequality, a culture of low pay will become ingrained within Irish society, representing an oppressive tool that traps individual households into a cycle of poverty.

1: Moving towards a Living Wage

EAPN Ireland recommends that the Government should progressively move minimum wage towards a living wage, as recommended by the Living Wage Technical Group. For 2022, a living wage is €12.90 per hour, currently the minimum wage for adults is €10.50. This would mean an increase in the minimum wage for 2023. An increase would also play a part in recognising the important work done by so many low paid workers during the Covid-19 crisis. It is important to note that introducing Living Wage is part of the current Programme for Government.

According to the latest figures from the Central Statistics Office, the annual rate of inflation rose to 5.6% in February 2022. This is the highest annual rate in almost 21 years. The MESL research 2021

¹ svp.ie/getattachment/869467cb-2d60-4fe2-b612-a8c6e4357cdc/The-Hidden-Cost-of-Poverty.aspx
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shows that a full-time minimum wage salary of a single adult households is estimated to meet 72% of MESL expenditure need.² The MESL research, which is updated annually, has shown consistently, and again in 2021, that it is not possible to meet the cost of living on a minimum wage through a standard hour working week. We see that full time earnings from minimum wage employment can only meet the Minimum Essential Standard of Living if the household also has access to social housing with a differential rent and a range of in-work supports. This is a best-case scenario and highlights the vital importance of setting an adequate and appropriate wage floor alongside relevant public services and supports in order to address poverty. With Inflation at 5%, if wages are to remain stagnant then this ensures that people are effectively taking a pay cut, with a reduction in disposable income or the ability to respond to emergency costs due to an increase in general expenditure and outgoings. This will have the greatest negative impact on low-income households.

2: At Risk of Poverty and Living in Consistent Poverty

A 2017 ESRI report funded by the Low Pay Commission entitled *A Study of Minimum Wage Employment in Ireland: The Role of Worker Household and Job characteristics* highlighted that women were over twice as likely to be earning the minimum wage relative to males. Specifically, 6.9% of female employees compared to 2.7% of male employees. This is consistent with international trends regarding minimum wage jobs. The same report also showed that at 9 % the incidence of minimum wage pay among non-Irish nationals was over twice that of Irish employees. It is also important to note that the incidence of minimum wage was almost three times higher among part-time workers compared to their full-time equivalents.

These findings intersect with statistics around poverty and the likelihood of being at risk of poverty. Research finds that 17% of minimum wage employees belong to a household that is at risk of poverty, compared to 3.3 per cent of non-minimum wage employees.³ The annual CSO Survey of Income and Living Conditions (SILC) consistently shows that households headed by lone parents, the vast majority of which were led by women, are more likely to live in consistent poverty compared to the general population with a figure of 12.2 % for the former in 2020 relative to 5% for the latter. The SILC results also show that the cost of renting has a major impact on the risk of poverty with almost half, 49.8%, of those who rented from a local authority and 55.9% of those renting in the private rental sector (i.e. accessing housing supports such as the Housing Assistance Payment, Rent Supplement, or the Rental Accommodation Scheme) are at risk of poverty after the cost of rent was deducted from their income.⁴ In line with this, research reveals that younger people (25-44) are less likely to live in owner-occupied housing and are also overrepresented in homeless services when compared to older groups. We also see migrants overrepresented on the housing waiting list and in private rental accommodation. Lone parents reported some of the lowest rates of homeownership and some of the highest rates of private rented accommodation and Local Authority housing.⁵ These are also the groups most likely to engage with minimum wage employment. There is clearly an intersection between poverty and social exclusion and earning minimum wage. It must be noted that poverty statistics often do not accurately reflect or encompass the experiences of many groups in society that are marginalised and therefore at-risk-of poverty, including people living in Direct Provision, Travellers, Roma, and refugees, and the barriers they face in accessing decent work and a living wage.

² [mesl_2021_annual_update.pdf \(budgeting.ie\)](#)

³ Maitre et al. (2017)

⁴ <https://www.eapn.ie/wp-content/uploads/2022/02/SILC-Briefing-Document.pdf>

⁵ <https://www.ihrec.ie/app/uploads/2021/09/Monitoring-Adequate-Housing-In-Ireland-Sept-2021.pdf>

3: Minimum Wage and “Decent Work”

The conversation around setting the rate of minimum wage must recognise the need for “decent work” as a means of preventing and addressing poverty. Decent work includes appropriate and safe working conditions, where the rights of employees are respected and enacted, regular and consistent hours, as well as access to a wage that meets the cost of living. The concept of wage suppression for purposes of economic competitiveness ignores the fact that employees are in themselves consumers within the wider economy and local communities. Evidence suggests that inequality in Irish wages between the bottom (the 10th percentile) and the top (the 90th percentile) is higher than in any other high-income European countries. Earners at the top in Ireland, can afford more goods and services with compensation for an hour’s work than any of their equivalents in 10 other high-income countries, while Irish earners at the bottom can buy the least relative to their peers in Europe.⁶ A living wage and decent working conditions provides a safety net for vulnerable and marginalised households in society. During the last recession, the minimum wage in Ireland prevented large wage reductions for the lowest paid workers during the economic downturn of 2008 to 2013.⁷ While minimum wage employment can be a temporary solution for many younger people ie students who are on a path to higher paid careers, there are workers who will go on to have lifelong careers in minimum wage employment and these workers deserve to have the dignity of their work protected by ensuring decent working conditions and a progressive move towards a living wage, preventing households from falling below the poverty line.

When setting minimum wage, the low paid commission must question the interaction between minimum wage employment and the groups likely to be at risk or poverty. What are the basic and essential needs of households and what income do households require in order to meet these needs in order to prevent people living below the poverty line? (A number of these households are represented by the Minimum Essential Standard of Living research by the Vincentian Partnership for Social Justice.) The commission must consider how minimum wage employment impacts the capacity of households to access appropriate housing, either within the rental market or via home ownership, access healthcare, to plan for the future, to engage in lifelong learning and upskilling, to pay for adequate quality childcare and raise a family where relevant. The EU Country Report for Ireland highlights that the employment rates for women and people with disabilities in Ireland are below the EU average⁸ However questions must be raised about the impact of low-paid employment on people with disabilities, who face extra costs of €9,482-€11,734 extra a year on top of everyday expenses.⁹ What are the impacts of low paid and minimum wage employment on women seeking access to quality and appropriate childcare? While the Pathways to Work Strategy 2020-2025 acknowledges the need to enable access to the labour market for those distant from the labour market, the interaction, not only between *unemployment* and marginalised groups, but between *low-wage employment* and marginalised groups must be examined, and how minimum wage employment contributes to further marginalisation for groups already experiencing social exclusion and poverty.

Ireland has signed up to a range of anti-poverty commitments including the Global Sustainable Development Goals, the European Pillar of Social Rights and the Roadmap for Social Inclusion, which seeks to reduce consistent poverty to 2% by 2025. Part of honouring these anti-poverty

⁶ [Wages in Ireland are more unequally distributed than in any other high-income EU country | NERI \(neriinstitute.net\)](https://www.neri.ie/publications/Wages%20in%20Ireland%20are%20more%20unequally%20distributed%20than%20in%20any%20other%20high-income%20EU%20country%20-%20NERI%20(neriinstitute.net))

⁷ <https://www.esri.ie/system/files/publications/BP202102%20Final.pdf> p12

⁸ https://ec.europa.eu/info/sites/default/files/2020-european-semester-country-report-ireland_en.pdf p40

⁹ [gov.ie - The Cost of Disability in Ireland – Research Report \(www.gov.ie\)](https://www.gov.ie/publications/The-Cost-of-Disability-in-Ireland-Research-Report)

commitments must include an increase to the statutory minimum wage as part of the progressive realisation of a living wage, recognising the commitment to a living wage within the current Programme for Government.



Rialtas na hÉireann
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