



Submission to:	Low Pay Commission
Re:	National Minimum Wage
Date:	March 9th 2016

Introduction

MRCI welcomes the opportunity to make this submission to the Low Pay Commission (LPC). The submission will focus on low pay issues as they affect migrant workers, in particular women, our comments and recommendations are based on research conducted by MRCI with migrant workers and our 15 years of casework, representation, advocacy and outreach work with migrants across Ireland.

Who we are:

The Migrant Rights Centre Ireland (MRCI) established in 2001, is a non-governmental organisation working with migrant workers and their families in low paid employment and at risk of poverty, social exclusion and exploitation. MRCI provides a free and confidential Drop-in Service to migrant workers and has established a number of action groups to support vulnerable migrants. The Drop-in Centre provides information and advocacy to migrant workers on immigration and employment issues. In 2015, the service dealt with 2,472 cases of migrants affected by low pay.

Context

According to data published by the Central Statistics Office, immigrants represent 578,000 people in Ireland, or 12.47% of the overall population. Net migration to Ireland remains negative but the gap has been closing as the numbers of emigrants recede and there is a sustained increase in inwards migration. It is expected there will be a return to positive net migration by the end of 2016

Migration makes a positive and vital contribution in maintaining the size and dynamism of the labour force and the recent economic recovery. The participation in the labour market for immigrants in Ireland stands at 67.55% compared to an overall 59.98%¹. The roles that many migrants fill provide essential services to the functioning of the labour market, yet these jobs are undervalued and create the conditions for a highly exploitative environment.

Categories of Migrant Workers

Migrant workers' immigration status in Ireland influences the duration and types of jobs they can apply for:

- **Employment permit holders including spousal permits:** Migrant workers who are employed on an employment permit or spousal permit have restricted access to the labour market and hold a residence permit (stamp one). They can only work for the employer named on their

¹ CSO Quarterly National Household Survey Quarter 4 2015

employment permit and the employment is tied to their immigration status. Many jobs in low paid occupations are currently deemed ineligible for the purposes of applying for a work permit.

- **Naturalised Irish citizens:** Since 2003, over 125,000 migrants have become Irish citizens and have unrestricted access to the labour market.
- **EU citizens:** According to the CSO, there are 324,000 EU nationals of working age in Ireland. They are entitled to access the Irish labour market as per EC rules on freedom of movement.
- **Undocumented workers:** MRCI estimates between 20,000 and 26,000 undocumented migrants are of a working age. According to survey conducted with over 1,000 undocumented migrants most have entered the country legally and subsequently became undocumented, currently they have no route back into the system. Over 90% of those surveyed are in employment.
- **Students:** International students are entitled to work part-time while studying and full-time in holiday periods. Their capacity to work is limited by these rules. 49,500 students were given permission to be in the state in 2014.

Gaps in Data Collection on Migrants

There are limitations in the data being collected in relation to the participation of migrants in the labour market. The samples of publically available datasets remain too small to make statistically sound assertions on the proportion of migrant workers earning the minimum wage or in low-paid employment. There is a need for a specific focus on data for persons from a migrant background to fully understand their living conditions including their earnings. Until then, it is important to make use of correlations and other available research studies in order to understand their realities.

Low Pay Sectors

Eurostat estimate that one in five, 20.7% of workers in Ireland are concentrated in low-paid work². According to the Nevin Research Institute, employees on the minimum wage represent 5.6% of the labour force. The Migrant Rights Centre Ireland, works predominantly with migrants in low paid employment. Work permit restrictions, discrimination at recruitment and limited social capital and networks means that overwhelmingly migrant workers are concentrated in sectors where the minimum wage and low pay prevail.

Below is a table of the sectors with the highest incidence of low-pay employment according to the report published by the Nevin Research Institute and the percentage of migrants working in those sectors.

Sector of Employment	Incidence of Low Pay	Proportion of Migrant Workers
Industry	12.4%	18.32%
Wholesale and Retail	24.1%	15.14%
Accommodation and Food	17.1%	37.92%
Health	12.9%	11.47%

Part-time employment

The Nevin Research Institute has equally identified a higher incidence of low pay and minimum-wage earning among part-time workers, over 53% of those characterised as low-paid earners are in part-time

² Eurostat Low pay is classified as earning less than two-thirds of national median hourly earnings.

working hours. The incidence of part-time employment is also higher for certain categories of migrant workers, in particular international students and undocumented migrants for which immigration policy and control present a barrier in accessing full-time employment. From a sample of 1,046 migrants accessing our services in 2015, 51.5% were in part-time employment.

Early Negative Impact

Since the introduction of the new rate of the minimum wage we have not either anecdotally or through our service heard of layoffs in employment or a reduction in hours of work.

Income Adequacy

People are living in poverty, if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living, which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities which are considered the norm for other people in society.

People or households are considered to be at risk of poverty when their income is less than a particular threshold. In the EU, the threshold has been set at 60% of the median income (mid-point in the scale of the highest to the lowest of all incomes in Ireland). According to the Survey on Income and Living Conditions, in 2014 the median equivalised nominal disposable income stood at €18,210 and thus, the at-risk-of-poverty threshold stood at €10,926 per annum or €910.50 per month.

Using a sample of 428 migrants who have accessed our services in from January to mid-March 2016, we found that 44.6% were living on less than €910.50. This compares to 16.3% among the overall population as identified by SILC 2014. Once more, this can be partly explained by the prevalence of migrants with precarious legal status, high incidence of employment in low-paid sectors and a lack of mobility and progression as a result of a rigid labour migration policy.

Pervasive Issues which facilitate low pay for migrant workers.

Rigid employment permit system

The main mechanism in place for Non-EEA nationals to take up full-time employment in Ireland is through the Employment Permit System, a guest worker model that limits the rights of migrant workers. Despite welcome reforms to the Employment Permit System by the government in 2014, it remains restrictive as a worker's immigration status in the country is dependent on their employment and a worker can only work for the employer specified on the work permit. If a worker seeks to leave this employer, within the first 12 months of employment, they are no longer eligible to work. After the initial 12 months, in order to change employment they must undergo a lengthy and bureaucratic process during which they risk losing their employment and status. This effectively results in a worker being tied to one employer. Spouses of work permit holders are eligible to apply for an employment permit, in certain circumstances. Many such workers are women and work in part-time precarious jobs.

Current government policy provides an Employment Permit System that enables migration of highly skilled workers only, yet demand for a broad range of skills continues to exist within the economy in occupations such as care work and childcare. These jobs however are deemed ineligible by the government. It is necessary to provide safe and regular migration channels to respond to the demands in essential skill areas. Without the legal channels of migration some unscrupulous employers will

inevitably exploit workers to meet their on-going need. Many examples of this exist in the childcare sector with the recruitment of au pairs into exploitive working conditions.

Non-Compliance and Exploitation

A survey conducted by MRCI in 2015 with 104 migrant workers³, revealed that many migrant workers understand their employment rights. However, a number of factors prevent migrants from claiming and exercising these rights such as:

- There is little or no support for employees to challenge breaches of their employment rights;
- Workers who are still in the work permit system are fearful they will lose their job. If they lose their job they are at risk of losing their immigration status and becoming undocumented;
- In the current job market it is difficult to demand better conditions as there is competition for jobs in some sectors;
- No safety net of social welfare as many migrants will not claim any benefits as they are fearful it will affect their application for citizenship in the longer term.

While migrant workers are more knowledgeable about their rights few are able to assert these rights and improve their conditions. Unfair treatment of migrant workers undermines wages and working conditions in national labour markets.

Undocumented Migrants

Forthcoming research (2016) carried out by MRCI with over 1,000 undocumented migrants, found that 89% are in employment, typically (though not always) in sectors where low-paid work is prevalent. Undocumented migrants are employed in a range of jobs across a number of sectors. The top three sectors of employment are Restaurant & Catering (32%), Domestic Work (29%), and Cleaning and Maintenance (12.8%). A high proportion of these (66%) have been in their current job for over 2 years and of this 31% have been in the same job for over 5 years. 69.5% indicated that they are working over 30 hours, with 60% earning over €300 a week. Over half of undocumented migrants have completed a third level qualification.

Income Inequality

The Gini coefficient is a measure of statistical dispersion intended to represent the income distribution of a nation's residents, and is the most commonly used measure of inequality. Data from SILC 2015 shows that the GINI coefficient has increased to 31.8% in 2014 together with the at-risk-of-poverty threshold. Data from the survey shows that together with the increase of the median annual income, Ireland is also experiencing an increase in inequality and number of people at risk of poverty.

The Living Wage

The Living Wage is a wage which makes possible a minimum acceptable standard of living. Its calculation is evidence based and built on budget standards research. The 2015 figure is €11.55 are based on the following concepts:

- Work should provide an adequate income to enable individuals to afford a socially acceptable standard of living.

³ *Migrants in Low Pay Jobs* (Publication Pending MRCI - May 2015)

- It is based on the cost of living and is an evidence based rate of pay which is grounded in social consensus and derived from Consensual Budget Standards research which establishes the cost of a Minimum Essential Standard of Living.

In principle a living wage is intended to establish an hourly wage rate that should provide employees with sufficient income to achieve an agreed acceptable minimum standard of living. It is an income floor; representing a figure which allows employees to afford the essentials of life. Earnings below the living wage suggest employees are forced to do without certain essentials so they can make ends meet.

Socialising the Costs of Living

The intersection of NMW, the living wage and socialising the cost of living is significant. The Living Wage, and the NMW increases needed to reach it, is based on the current state of high living costs. However, there is a strong argument that living costs should not be fully borne by the market economy and the firms that operate within that. Were the state to socialise living costs, this would reduce the need to meet those costs through direct wages. The following two some examples illustrate the point .

- Housing: the Living Wage uses average rent for a single person. In Dublin, rent makes up 40 percent of the Living Wage. Public policy which reduced high rent costs would result in a fall in the Living Wage without reducing the workers' living standards. This, in turn, would require lower NMW increases.
- Public Transport: Ireland has one of the most poorly subsidised public transport systems in the EU. Were subsidies increased, this would result in lower fares. Again, this would reduce the income currently needed to pay for high-priced public transport and in turn would require a lower NMW increase.

Migrant Women

Between 2000 and 2015, female global migration fell slightly, from 49.1 per cent to 48.2 per cent. In 2015, the percentage of females among all international migrants was the highest in Europe (52.4 per cent) and Northern America (51.2 per cent).⁴ Women migrating are often not the poorest but are more likely to be educated. Gender inequalities however differentiate the migratory experience for men and women and gender segregated labour markets impact on the work that migrant women are migrating to and for.

Gender inequality in destination countries, such as a gender pay gap, means that migrant women are structurally disadvantaged from the outset. Migrant women fill labour gaps and often find employment in jobs that are considered difficult, dirty, or undesirable. Migrant women are recruited into both skilled and essential work categories; many are concentrated in low-status employment and highly-feminised sectors of the labour market, characterised by low pay, long hours and poor progression routes.

Entry and immigration status is one of the key determinants of experiences in destination countries for migrant women. Rights and entitlements, such as access to the labour market, supports, services and training are all dependent in one form or another on how a person enters the state and their subsequent immigration status and right to work.

⁴ Population Facts, Trends in international migration, UN Department of
<http://www.un.org/en/development/desa/population/migration/publications/populationfacts/docs/MigrationPopFacts20154.pdf>

Migrant women's experiences in the labour market are dependent on, employment sector, location, language barriers and childcare responsibilities. Isolation, racism and discrimination compound these experiences. While childcare is a major concern for Irish women and specifically for marginalised Irish women, however this is compounded for migrant women due to the lack of social networks or extended family members and the costs of childcare. Indeed, many women delay reproduction due to childcare costs, and lack of family support and many women bring their children back to their country of origin to be cared for. This links to the concept of the 'global care chain' which is particularly evident for many migrant women working in care professions and in domestic work.

Migrant women in Ireland are concentrated in work sectors such as restaurants, hotel and catering, domestic work including au pairs, cleaning and in agriculture and manufacturing. Many migrant women have become naturalized Irish citizens and have full access to the labor market but remain concentrated in low paid and insecure employment. Increasingly MRCI works with women with a precarious immigration status including international students and undocumented women. These groups are more vulnerable to exploitation.

Data on Migrant Women

There is a dearth of data on the situation of migrant women in Ireland. According to the CSO 2015, 52% of the immigrant population in Ireland are women. MRCI's Case Management System (CMS) captures information and data from individual cases of people who access our service. This is analysed on a regular basis to reveal trends and patterns that reflect some of the experiences of migrant workers in Ireland. From an analysis of the CMS for the period January 2015 to December 2015, the following data is useful in building a picture of migrant women accessing our services

- 46% of those accessing our services were women
- 43% of those with an irregular status were women
- 54% of those who declared working part-time hours were women
- 48% of those unemployed were women.

From January 2016, MRCI amended our CMS to collect data to include income adequacy of people accessing our services. This new data reveals that 51% of women accessing our service are at risk of poverty. In the MRCI's forthcoming survey with over 1,000 undocumented migrants 52% are women. Undocumented migrants are more vulnerable to exploitation and living in poverty.

MRCI carried out a survey of 554 au pairs released in December 2015⁵. The survey revealed the following.

- 48% were Brazilian, 28% were Spanish
- 98% female
- More au pairs were aged 31 - 35 (15%) than aged 18 - 20 (10.5%)
- 43% EU citizens, 43% on student visas
- 37.2% had no contract at all, 40% verbal contract only - almost 80% have no written contract
- 20% (1 in 5) paid a fee to get the job
- 37.6% were expected to work more than was originally agreed
- 37% work 6-8 hours per day, 31% work 8-10 hours per day
- 30.7% asked to work when they were sick

⁵ <http://www.mrci.ie/uncategorized/new-research-tracks-growing-exploitation-of-au-pairs-and-childminders-in-irish-homes/>

- 58% are paid €120 or less per week
- 1 in 10 do not have their own bedroom
- 1 in 5 are expected to be on call at night
- more than 1 in 5 (22%) do not feel comfortable in the house

Domestic Workers and Au Pairs

Domestic work - which includes au pairs, childminders, carers, nannies and housekeepers, as well as cleaners and other workers in private homes – is one of the fastest-growing sectors globally. Domestic work is highly gendered, and a high proportion of domestic workers are migrant women. The widespread perception of domestic work as a low status, low-value occupation has led to the development of a sector characterised by low pay and poor terms and conditions. Isolation, immigration issues and poor enforcement of labour laws result in a higher incidence of exploitation and add to the precarious nature of this work. This reflects a wider societal problem in which childcare and domestic work are undervalued and under resourced.

Fertility rates in Ireland are higher than the EU average. According to the Central Statistics Office (CSO), increased birth rates and migration will see Ireland's population grow from 4.6 million to between 5.3 and 5.6 million by 2046.⁶ Currently, almost 25% of the population is under fifteen years of age. At the same time the economy is recovering and unemployment rates have dropped. As the economy grows again, more parents - women in particular - will return to the labour force. This creates a demand for affordable and accessible childcare services and for domestic work in private homes. Government spending on childcare in Ireland is amongst the lowest in OECD countries. As a result, crèche fees are amongst the most expensive.⁷ Public spending improved somewhat with the introduction of the free preschool year, but investment levels remain insufficient.⁸ The costly private crèche system is prohibitive for many working parents, and quality standards have not been delivered in tandem with high fees.

Despite this increasing demand for childcare services, official figures show a formal childcare sector that has been shrinking dramatically by 2.3 per cent annually since 2008.⁹ CSO statistics for the domestic work sector show a similar trend, with the number of domestic workers employed in Ireland contracting from 10,400 in 2008 to 6,500 in 2014.¹⁰ PPSN figures also show that only 286 non-Irish nationals were employed in domestic work in 2014.¹¹ Given the high birth rates in the country and the growing numbers returning to work outside the home, the official figures fail to accurately capture employment in the sector. The lack of official data to reflect the actual number of migrant domestic workers employed in this sector is a serious gap. It is exacerbated by the fact that a significant amount of childcare provided in the private home is informal.

⁶ CSO

http://www.cso.ie/en/media/csoie/releasespublications/documents/population/2013/poplabfor2016_2046.pdf

⁷ OECD Gender Brief, Social Policy Division, www.oecd.org/els/social Version March 2010

⁸ NWCI (2014) Budget Directions 2015, Towards a more equal and sustainable Ireland for women and men. Pre-budget Submission

⁹ Solas (2014) National Skills Bulletin, July, Expert Group on Future Skills Needs

¹⁰ Quarterly National Household Survey (QNHS), Central Statistics Office, Ireland.

¹¹ CSO Foreign Nationals: PPSN Allocations, Employment and Social Welfare Activity; January 2015

http://cso.ie/en/releasesandpublications/er/fnaes/foreignnationalspsnallocationsemploymentandsocialwelfareactivity2013/#.VPWQ3Hy_sUhZ

Over the last five years 2010 -2015, MRCI has seen a sharp increase in the number of non- EU women au pairing in Ireland. In 2012 MRCI provided support to just 40 au pairs, but this figure has grown exponentially and currently advice and support is provided to over 1000 au pairs, with a corresponding increase in workplace complaints. Recent studies show widespread exploitation of au pairs who provide full-time, flexible childcare for a fraction of the minimum wage in homes countrywide.¹² They are denied basic labour rights such as contracts, holiday pay, leave and overtime.¹³ Irish employment legislation applies to all workers where an employment relationship exists, regardless of the job title given to the workers, yet the underpayment of au pairs is widely advertised and tolerated and has now become commonplace in Irish society.

Au pair recruitment and placement agencies played a key role in responding to the demand for cheap flexible childcare. During the recession, families struggled to afford childcare and the au pair industry was quick to react to this lacuna. They advertise au pair placements at a fraction of the cost of hiring domestic workers and nannies. A recent survey revealed that au pairs provide childcare to approximately 20,000 families in Ireland. ¹⁴ This figure may even be conservative; there is no official data gathered on au pair activity. The recent case highlighted in the Media 8th March 2016, confirmed that au pairs are workers with all rights afforded them under employment legislation. The Spanish au pair in this case was awarded €9,229 by the Workplace Relations Commission after the family she worked for was found to have breached employment laws. The exploitation of au pairs remains widespread across Ireland and there continues to be huge resistance to paying the minimum wage and to afford this group of workers equal treatment, rights and pay.

¹² Part of the Family?' (2012) MRCI, Dublin and 'Disposable Workers' (2014) Cultúr, Meath

¹³ *ibid*

¹⁴ Figured based on Irish Times/Ipsos MRBI Family Values poll stating 4% of families rely on au pairs for childcare. <http://www.irishtimes.com/life-and-style/family-valuesgrandparents-are-main-carers-for-children-of-working-parents-1.2150546>

Recommendations

Living Wage

MRCI proposes that the minimum wage should, over time, reach the level of the Living Wage. This would ensure that all full-time workers would earn enough to ensure a minimum adequate income. We recommend that the Low Pay Commission set a target date of increasing the NMW to the Living Wage within 2 to 5 years. It is important that a medium target be set, rather than set on a yearly basis. A target would allow enterprises and employees to plan for the future. However, this target must be stated and grounded in both economic and socially optimal terms.

National Minimum wage

While an increase of .50 cent was welcome, it did not go far enough for people who actually live on the minimum wage. The NMW therefore needs to be significantly increased in 2017 to help people meet a minimum standard of living. This needs to take account of the above point in raising the NMW to reach living wage rates. Having established that the NMW should be raised to the Living Wage over the medium-term as the goal, it will be necessary to propose future increases that are sustainable and consistent with growth projections; in particular, private consumption (consumer spending) projections. The Government projects a large increase in consumer spending in 2016, levelling out to 1.5 percent by 2021. With a 2 percent growth projected in 2017, this is an opportunity to increase the NMW above average annual levels in later years, to take account of the stabilisation of consumer spending.

Socialising Living Costs

The Low Pay Commission should recommend that the Government outline proposals to socialise living costs in particular areas (e.g. housing, public transport, health, childcare etc.) and, therefore, reduce the costs on the market economy.

Gender Proofing the Minimum Wage

Given the widening gender pay gap and the positive duty on public bodies to mainstream measures to promote equality, a specific measure is required to equality proof the minimum wage and related measures to ensure that income inequalities are reduced. This is compounded for migrant women who are at greater risk of discrimination and disproportionately affected in the labour market due to their status as a woman and as a migrants.

Data and Research on Migrants

The Low Pay Commission should commission a study specifically focused on persons from a migrant background in Ireland to fully understand their living conditions including their earnings and their experiences of low pay.