



## **Submission to the Consultation on the National Minimum Wage**

**Tuesday, 07 February 2017**

### **Introduction**

The Migrant Rights Centre Ireland (MRCI) is a national organisation working to promote the rights of migrant workers and their families living in situations of vulnerability throughout Ireland. The MRCI works collectively with migrant workers to become involved in decision-making processes that affect their lives. We seek to influence policy, build public awareness on migration issues, undertake research and document the experiences of migrant families. The MRCI supports locally based initiatives and networks at a local, national, European and international level. In 2016 MRCI provided information and support to 1,922 people from 125 different countries.

### **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 to over 2,000 workers on immigration and employment issues, many of which are affected by low pay. Current priorities include rights for undocumented migrants; addressing human trafficking for forced labour; rights for carers and domestic workers; and an outreach programme into hard to reach sectors – such as fishermen and agricultural workers.

### **Context**

Data obtained from Eurostat for 2015 shows that 749,943 (16.2%) of the population in Ireland is foreign-born, and according to the most recent CSO release 593,900 (12.7%) has a migrant status. In 2016, for the first time in 7 years, Ireland experienced positive net migration, mainly as a result of a continuous growth in Non-EU flows.

MRCI works with migrants in low-paid and precarious work at risk of poverty, discrimination and social exclusion for over 16 years. We work predominantly, but not exclusively, with Non-EU migrants and

their families to ensure their access to rights and entitlements. In 2016 there were 206,900 Non-EU migrants registered in Ireland which represent 34.8% of the overall migrant population. The vulnerabilities and precariousness associated with immigration status merits special consideration when developing strategies to ensure equality outcomes for migrants.

### 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 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 130,000 migrants have become Irish citizens, the vast majority of them (over 100,000) since the reform of our citizenship application procedures in 2011. As citizens, they enjoy unrestricted access to the labour market.
- **EU citizens:** According to the CSO, there are 387,000 EU national residing in Ireland. They are entitled to access the Irish labour market as per EU Treaty Rights on Freedom of Movement
- **Undocumented workers:** MRCI estimates between 20,000 and 26,000 adult undocumented migrants in Ireland. According to the survey conducted with over 1,000 undocumented migrants, most have entered the country legally and subsequently became undocumented but currently they have no route out of irregularity. Among those surveyed, 89% are in employment.
- **Students:** International students from outside the EEA are entitled to work part-time while studying and full-time during fixed holiday terms. Over 50,000 international students from non-EEA countries 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, 21.6% of workers in Ireland are low-wage earners<sup>1</sup>. The Central Statistics Office (CSO) estimate that 4.7% of the workforce is potentially living on the minimum wage. The Migrant Rights Centre Ireland, works predominantly with migrants in low paid employment. Immigration restrictions, discrimination at recruitment and progression and limited social capital means that migrant workers are overrepresented in sectors where low wage prevails.

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%	18.4%
Wholesale and Retail	24.1%	17.4%
Accommodation and Food	17.1%	35%
Health	12.9%	10.4%

## 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 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.

## 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.

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<sup>1</sup> Eurostat Low pay is classified as earning less than two-thirds of national median hourly earnings.

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 2015 the median equivalised nominal disposable income stood at €20,000 and thus, the at-risk-of-poverty threshold stood at €12,000 per annum or €1,000 per month.

Using a sample of 795 migrants who have accessed our services in 2016 we found that 51.6% of them were living with less than €910.50, this compares to 16.9% among the overall population as identified by the last SILC 2016. 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 immigration status. This effectively results in a worker and one employer being tied. Only spouses of critical skills employment permit holders (those working in occupations considered 'high-skilled' or 'high-earning') are eligible to apply for an employment permit, in certain circumstances. This leaves many dependants, very often women, unable to join the labour market or forced to use irregular channels.

Current government policy facilitates 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 work in the food industry. 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 recent survey conducted by MRCI with 104 migrant workers<sup>2</sup>, 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.

### **Irregular Migration**

Research carried out by MRCI with over 1,000 undocumented migrants, found that the overwhelming majority of them 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, concentrated in minimum- to low-wage work. The top five sectors of employment are Restaurant & Catering (32%), Domestic Work (29%), and Cleaning and Maintenance (13%). Other sectors include retail, hotel, medical, healthcare and agriculture. This survey revealed that a majority (89%) are in employment. 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% indicated that they are working over 30 hours, with more than half earning over €300 a week. Of those not currently in paid employment – a group which includes stay-at-home parents - most have only been out of work for less than 6 months. Similar to the Irish undocumented in the USA, undocumented migrants have a variety of educational backgrounds. The survey reveals that many undocumented migrants in Ireland

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<sup>2</sup> *Migrants in Low Pay Jobs* (Publication Pending MRCI - May 2015)

are well-educated, with 97% possessing secondary school education and 53% educated at third level.<sup>3</sup>

## **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 the last SILC release shows that the GINI coefficient stood at 30.8% in 2015. Data from the survey shows that in spite of the increase of the median annual income, Ireland is still experiencing high levels of inequality and large numbers of people at risk of poverty.

## **Measures to tackle the incidence of low pay**

### **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 2016 figure is €11.50 are based on the following concepts:

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

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<sup>3</sup> Ireland is Home: An analysis of the current situation of undocumented migrants in Ireland, MRCI 2014.

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.

## **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 4 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**

Last year's increase of 10 cents yielded very limited respite to workers for people who actually live on the minimum wage. The NMW therefore needs to be significantly increased in 2018 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. Different economic outlook projections point to healthy economic growth estimates ranging from 3% to 5%, which are able to sustain the trend in job creation. At a current pace, unemployment could near 6% before the end of the year, a rate which will fit the OECD 's definition of full employment. Consumer spending is also expected to grow between 1% and 2%; this is an opportunity to increase the NMW above average annual levels in later years, to take account of the positive economic outlook.

### **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.