

The Workers' Party

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Submission by the Workers' Party to the Low Pay Commission

This submission, on the issue of the “appropriate rate of the National Minimum Wage and related matters” is framed within the context of our party’s overall policy on the issue of proper rates of pay and of the provision of proper terms and conditions by employers in all sectors.

It is absolutely fundamental in our view that persons in full-time employment, i.e. persons working 39 hours per week, should, at the end of that week, be able to meet all their basic needs, namely: accommodation and related services; proper food; appropriate clothing and footwear; transport; childcare where necessary; and other necessary living expenses.

The present minimum wage of €9.80 per hour, amounting to €382.20 per week (for an experienced adult employee) does not allow an individual to cover the costs outlined above. Thus, a full-time worker on the minimum wage will end up in debt, in poverty or, more likely, both.

We believe that the concept of a Minimum Wage must be replaced by the concept of the **Living Wage**. In 2018 the Living Wage rate was calculated at €11.90 per hour.^[1] The adoption of the concept of the Living Wage would also obviate the need for reviews like this present one as the Living Wage would be updated each year to reflect changes in the cost of a Minimum Essential Standard of Living as established by the relevant research evidence and statistics.

The latest CSO figures show that Ireland has over 2,000,000 people in employment. This, we are informed by government, is the highest figure ever for employment in this country. Yet we still have a problem of persistent poverty. According to Social Justice Ireland (SJI) 760,000 people are living in poverty in Ireland today. Of this number, around 230,000 are children under the age of 18. Despite an increase in average incomes, increased employment

and very high levels of economic growth, a significant proportion of the population is still living in very difficult circumstances. In fact there are more people living in poverty in Ireland today than there were in 2008.^[2] This translates as a risk-of poverty level in 2016 of 16.5%.^[3] Furthermore children (aged 0-17 years) were the most at risk age group in Ireland with an at-risk of poverty rate of 19.3% in 2016. This means that while one in six of the overall population was at risk of poverty an appalling one in five children were at risk.

The CSO figures also demonstrate that **approximately 109,000 people with jobs are living in poverty**. This is clear evidence of the need to move the threshold for the National Minimum Wage upwards and adopt the Living Wage model.

The EAPN analyses also showed that in 2016 the at-risk of poverty rate for one parent households was 40.2%. The vast bulk of one-parent households are women as also are the greater proportion of workers in precarious employment and in minimum-wage employment. Therefore, the setting of a minimum wage level below the level of a living wage discriminates against women generally, and particularly discriminates against women who are the head of a single-parent household. As we celebrate the 100th anniversary of the Democratic Programme of the First Dáil it is incumbent on the government to end this blatant source of discrimination.

The right to accommodation is a basic right of all individuals and families. The cost of accommodation is, in general, the single largest cost faced by households excepting those that are mortgage-free homeowners. The average monthly rent for a one-bed housing unit is now calculated at €1,334.^[4] Even moving to shared accommodation the costs are daunting. The rental cost of a three-bedroom house in the cheaper end of the market, ie the traditional Dublin working class heartlands, are still prohibitive. In Dublin 8 the cost is €2,191, Dublin 12 it is €1,913 and in Dublin 13 it is €1,895.^[5] The average room-cost across these three districts is €666 per month or slightly over €166 per week. This works out at a whopping 43% of the present minimum wage of €382.20 per week. The cost of utilities like electricity, gas or other fuels is not included in the rent. This situation leads to overcrowding, the necessity for state support to access the private rental sector or, in extremis, homelessness.

The decision by government to set the National Minimum Wage at a level almost 20% below the Living Wage is a matter of policy and ideology rather than economics or fact-based research. The recent report by the ICTU^[6] shows the extraordinary salaries paid by Irish companies to the senior management within those companies and also demonstrates the discrepancy between the salaries of senior management and the average worker within those companies. For example, the total remuneration of the 26 highest paid CEOs of publicly listed companies is over €58 million.^[7] This level of pay is not reflected across the companies however. The CEO of Kerry Group would, as an example, earn the same amount as 214 employees of that company. Even in AIB, a company bailed out of insolvency by the Irish Taxpayer, the CEO earns as much as 13 workers in the same bank. The fact that such exorbitant wage levels can exist illustrates the immorality of a poverty level minimum wage in this country.

The logic of poor wages is that bad employers are being subsidised by the taxpayer and exchequer via FIS, housing benefits, or other state payments. It is not the role of the state and the taxpayer to subsidise scrooge-like employers who grossly exploit their workers by paying a wage on which it is impossible to live.

Ends.

^[1] <https://www.budgeting.ie/living-wage/>

The Living Wage is set by the Living Wage Technical Group based on research identifying the Minimum Essential Standard of Living (MESL) in Ireland, conducted by the VPSJ – the Vencentian Partnership for Social Justice.

^[2] <https://www.socialjustice.ie/content/policy-issues/refundable-tax-credits-needed-help-working-poor>

The SJI figures are based on the recently released [2017 Survey on Income and Living Conditions \(SILC\) results](#).

^[3] <http://www.eapn.ie/eapn/training/poverty-in-ireland>

^[4] The Daft.ie Rental Price Report – 2018 Q3

^[5] Ibid

^[6] Because We're Worth It – the truth about CEC pay in Ireland. ICTU, January 2019.

^[7] Ibid. P9.