



LOW PAY COMMISSION SUBMISSION

On the appropriateness of the current sub-minima rates with regard to their impact on youth unemployment rates and participation in education

“Decent Work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men”

[International Labour Organisation]

Introduction

The Irish Congress of Trade Unions is the largest civil society body on the island of Ireland representing 800,000 workers across all sectors of the economy.

Congress believes that it is only through the achievement of Decent Work that working people can be taken out of poverty and attain a decent standard of living in which to develop their own potential and that of their families.

Decent Work, including proper rates of pay, is at the heart of Congress' current work for economic and social progress and underpins everything which Congress does and stands for and is promoted through the current *Congress Charter for Fair Conditions at Work* campaign.

Whilst Congress welcomes the establishment of the Low Pay Commission and the examination of the sub-minima rates with regard to youth unemployment and education, it will continue to campaign on the establishment of a higher agreed national wage in line with the proposals for a living wage of €11.50 per hour, for all workers.

This brief paper will reference the key points made by Congress and other organisations in favour of a higher minimum wage rate, as previously submitted during 2015. The paper will also clarify the appropriateness of sub-minima rates for young people and their impact on their transition to education, the labour market and issues concerning direct discrimination.

Minimum and Sub-minima wage mechanisms

Currently one of the ways in which Ireland addresses high income inequality is to redistribute income in the form of social protection payments. To continue down this route, more and more payments will be required to be made to bridge this gap. A more efficient way in which to reduce income inequality is through market rates of pay, one of which is the minimum wage mechanism.

Whilst the minimum wage mechanism is a useful tool in addressing income inequality, the level at which it is currently set is vastly inadequate and establishing a wage rate short of the living wage continues to limit the quality of life for those earners, presents significant losses in consumer spending to the economy resulting in further limitations on social policy and wider society.

The current minimum wage mechanism is even more inadequate in respect of the sub-minima rates, based on questionable, unjustified and unfair criteria, the questions we would ask include, for what reason have these sub-minima rates been established and to what end?

Sub-minima rates

The current minimum rates of pay for workers, including those under 20 are set out as below:

National Minimum Wage - Hourly Rates of Pay			
	Current Rates	New Rate - 01/01/2016	% of National Minimum Wage
Experienced adult worker	€8.65	€9.15	100%
Aged under 18	€6.06	€6.41	70%
First year from date of first employment aged over 18	€6.92	€7.32	80%
Second year from date of first employment aged over 18	€7.79	€8.24	90%

In our view this communicates a number of key points:

- a) all workers under the age of 20 years of age are not considered adults for the purposes of the National Minimum Wage legislation;
- b) the legislation provides for young workers to be directly discriminated against based entirely on their age. It does not take into account, nor seek information relating to, levels of experience, criteria for the job in question, education or skills level;
- c) it does not take into account the Employment Equality legislation which prohibits all forms of discrimination in the workplace based on nine grounds, including the age ground.
- d) the national minimum wage sub-minima rates may provide for or tolerate discriminatory practices whereby younger workers could displace/replace more expensive “adult” workers;

The arguments in favour of retaining sub-minima rates, such as lack of experience/ qualifications, do not in our view justify the retention of sub-minima rates which are discriminatory and unfair to younger workers.

Indeed anecdotally, we are learning through our national school programme, that whilst adherence to the sub-minima rates are rigorous, the protections afforded to young workers under the 1996 Act are not so rigorous, which in our view represents a selected and targeted form of exploitation based on age.

The legislation further does not imply that workers recruited to specific roles, adult or otherwise, should not be competent nor capable for the job they have been selected to do, which remains the preserve of the employer. Although the legislation prohibits discrimination in job advertisement, selection, and so on, it continues to allow young workers to be paid less than other workers, solely based on age. It is our contention that younger workers should be paid the full-rate for the job they do.

It is the Congress view that the sub-minima rates are no longer justified.

Transition to Education

The trade union movement has a long history of support for education and it's importance in both personal and skills development of our workforce and the positive impact this has on the economy and wider society. It also acknowledges the premium that education provides to workers in terms of their future earning potential. And whilst Congress would seek further opportunities to be made available to young people to remain in education longer and obtain that education premium which is a clear policy priority for the movement, the reality for some workers and their families does not necessarily provide options for young workers to remain completely out of the labour force until they have finished their education.

We know that education funding is under increasing pressure from the reductions in public expenditures¹ and for many families, particularly those who have been hardest hit by the recent recession and who may have had a wage cut themselves, finding these additional funds to put their children through the education system is becoming increasingly more difficult, with 72% of parents indicating that they struggle with the costs of college [64% in 2014]². In such cases students, under the age of 20 years of age, may find themselves entering the workforce earlier, either to supplement their family's income or to assist in the expenses of further education. This is borne out by a recent survey³ where as many as 7 in 10 of our students work throughout the

¹ *Trends in Education Funding, NERI, November 2015.*

² *Third Level Education Survey 2015, Irish League of Credit Unions.*

³ *Third Level Education Survey 2015, Irish League of Credit Unions.*

academic year to fund their third level education, working on average 26 hours per week.

Congress believes that all workers, regardless of age, should be paid the adequate and full-rate for the job which they have been employed to do, therefore, sub-minima rates should be abolished.

Transition to the labour force

It is widely acknowledged that young people have been amongst the hardest hit during the last recession. This includes cuts to education in particular the rise in fees, a significant reduction in employment opportunities and a rise in precarious, insecure and low paid employment. Along with the wider prevalence of unpaid internships, there is now a longer period which young people have to complete before they can hope to obtain a full hourly rate of pay, for the work they do.

Conclusion

The continuation of sub-minima rates would represent further ongoing exploitation of young people, to which Congress is firmly opposed.

Congress states that the sub-minima rates are no longer, if they ever were, justified. They are discriminatory and unfair and should be abolished.

Congress will continue to strive for Decent Work for all workers, regardless of age.