

**Supplementary information regarding policies to promote gender
equality and employment: Ireland**

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Introduction

The 1990s decade represented an important period of change in the economic situation of Irish women. The most obvious aspect of that change has been the strong increase in women's access to and participation in paid employment, most evident in the 25-45 age group. At the same time women's involvement in a range of educational, training, employment and community development programmes has risen significantly, bringing more and more women out from the private and into the public spheres of Irish economic life. A number of key factors have contributed to this process of change. Firstly, Irish women (in the younger and middle age groups) have been exercising greater control over their fertility, having fewer children, and consequently fewer and shorter interruptions to their formal labour market activity. Linked to this are changes in women's life expectations, reflected in increased demands for economic independence, educational and training qualifications and career development opportunities. Secondly, the Irish economy has undergone a sustained period of high economic growth resulting in a dramatic expansion of employment, particularly women's employment.

While these developments represent a definite move towards greater gender equality in terms of the levels of women's and men's participation in economic life, critical areas of gender inequality persist and are being reproduced (and even intensified) despite the process of economic change. There is a significant gender equality deficit in Ireland. Women are heavily concentrated into the lower end of the jobs hierarchy, into low paid work often classified as unskilled and constitute a growing majority among those living in poverty. The gender pay gap remains very wide and a large proportion of the new jobs that women are accessing are part-time and/or in the lowest paid areas of retail, tourism, personal services and clerical work. Investment in support services for women to enter, remain or re-enter paid employment is extremely low. As a consequence childcare and other care services are in crisis and many women, who might otherwise be available to meet job vacancies and skill shortages, are prevented from so doing.

The Irish Employment Action Plan (EAP) has placed its emphasis on tackling and preventing the drift towards long-term unemployment through a local employment service, programmes targeted at early school leavers and older unemployed workers. In 1998 87% of total expenditure was allocated under Pillar 1 Improving Employability. By 2001, Pillar 1 had reduced its share to 81% but continues to constitute the bulk of expenditure. Within Pillar 1 the focus of expenditure is on reducing the numbers of long-term unemployed. There has been a definite lack of recognition within the Irish EAPs that this emphasis on the registered long-term unemployed is not gender neutral. Women are under-represented among the registered long-term unemployed in Ireland. Targeting women's labour market disadvantage requires a much more complex and flexible targeting strategy than is currently reflected in the EAP. While important new initiatives on gender mainstreaming have been put in place in the context of Ireland's National Development Plan 2000-2006 (linked to EU Structural Fund requirements) gender equality objectives remain largely unaddressed in the first three pillars of the EAP. In

fact, there is little direct emphasis on gender equality within the first three pillars of the plan where the overwhelming majority of its expenditure is concentrated.

The fourth pillar aimed at strengthening equal opportunities includes the allocation of important additional resources to childcare services in recognition of the increasing crisis in care provision in the context of rapidly expanding female employment. It also earmarks a new budget line for positive action measures with respect to women's employment. However, no specific or consistent strategy is articulated within the EAP towards women's latent or potential additional labour supply and no specific targets or indicators to monitor progress towards greater gender equality in employment are specified. Only 2% of the total budget under the 2001 Plan are assigned to the fourth pillar.

While the legislative framework for gender equality has been strengthened by the introduction of an Equal Status Bill which protects against discrimination in the provision of goods and services, at the same time the Irish government continues to take little more than a minimalist approach to the provision for leave entitlements. Provision for maternity leave in Ireland was increased to eighteen weeks paid, fourteen weeks paid and eight weeks unpaid leave (from fourteen paid and four unpaid) in 2001 leaving it still at the lowest end of the EU scale and parental leave (on foot of the EU Directive) was finally introduced in 1998 but on an unpaid basis.

Irish women's increased employment rate is less a result of the implementation of specifically targeted employment policies than of women's determination to pursue greater economic independence and equality of opportunity in a period of economic growth. There is a lack of recognition of the persistence of gender inequalities in Ireland and of the need for urgent action in relation to : crisis in child and other care services; the gender pay gap; severe under-representation of women in middle and higher level jobs; under-provision of leave entitlements; increasing proportions of women among those living in poverty; situations of women experiencing multiple disadvantage. Unless more attention and resources are directed towards addressing gender inequalities in these areas, progress towards greater equality is likely to be both piecemeal and limited.

EU Council Recommendations 2001

EU Council recommendations have consistently paid particular attention to the question of barriers to Irish women's increased labour force participation in the context of a broader EU strategy to raise the employment rate. While the Irish government has partially responded to the issues raised women's participation rate continues to be low and to be negatively affected by care responsibilities. The perpetuation of such barriers has also left women disadvantaged on the labour market and over represented among low paid and part time workers.

EU Council recommendations to Ireland for 2001 focused on three areas:

- strategies to increase labour force participation
- upgrading of skills and qualifications linked to productivity growth
- addressing regional imbalances in employment

The first of these recommendations is based on a definite gender perspective which emphasises a number of key barriers to women's increased rate of participation in the labour force: system of taxation, low level of availability of affordable childcare places and the persistence of a significant gender pay gap. Some new initiatives have been taken by the Irish government over the last year which have brought about some changes in the system of taxation and in the provision of childcare places. New research on the gender pay gap has highlighted the nature and scale of the pay gap and the factors contributing to it. This Report looks at developments over the past year under these headings.

Taxation individualisation

New initiatives to reform the taxation system and moves in the direction of individualisation of taxation have been introduced by the Irish government over the last three years. These include the following:

- Tax rates have been significantly reduced by an average of six percentage points resulting in a standard rate of 20% and a higher rate of 42% between 1997 and 2001. No further changes in tax rates were introduced in 2002.
- 2002 brought with it the completion of a move towards a system of standard rating of basic personal tax allowances making them of equal value to all taxpayers under a system of tax credits.
- Tax bands have been moved towards an individual basis and rates of taxes increasingly applied to individuals regardless of marital status.
- A £3000 tax allowances for married couples with one full time in the home was introduced in 1999 but has only been marginally increased since. During 2002 the tax credit value of this allowance was only increased by 1% and currently stands to Euro 770 per annum.
- Increase in the PAYE (pay as you earn) tax credit by 30% from Euro 508 in 2001 to Euro 660 per annum in 2002. This credit is available on an individualised basis.
- In July 2001, the National Minimum Wage was increased from Euro 5.60 to Euro 6.00.

- Increase in the proportion of taxpayers paying tax at the standard tax rate and the proportion of low paid taken out of the tax net – currently estimated that 90% of those on minimum wage in 2002 will be outside the tax net.
- Abolition of ceiling on employers PRSI in 2001 followed by a reduction in employers rate of PRSI in March 2002 from 12% to 10.75%.
- Child benefit levels have been significantly increased over recent years culminating in an increase from Euro 85.71pm to Euro 117.60pm for first and second child and from Euro 109.20pm to Euro 147.30pm for third and subsequent children.

Tax reform in Ireland has encompassed contradictory elements over recent years. On the one hand Ireland has moved towards a low taxation economy, yet at the same time tax bands are still very narrow and apply at such low income levels that a significant portion of those on the minimum wage are still subject to taxation. While stated policy has emphasised individualisation, the introduction of tax allowances for married couples where one is full time in the home is contrary to a strategy of individualisation. This allowance is not available to co-habiting couples and acts as an incentive for mainly women to remain outside the labour market which may result in their long term disadvantage. In a context in which childcare is expensive and not readily available, the effect is to depress women's labour force participation rate and consequently to reinforce the gender pay gap.

Recent research on women and men in the Irish labour market

Under a Partnership 2000 Working Group which included representation from government departments and the social partners a decision was taken to commission new research on the gender pay gap. The results of this research were published in October 2000. 'How Unequal ? Men and Women in the Irish Labour Market' by A. Barrett, T. Callan (ed), A Doris, D. O' Neill, H. Russell, O. Sweetman and J. McBride looks back over the twenty five year period since anti-discrimination legislation was introduced in Ireland and the way in which the gender wage gap has developed over that time. The research explores the scale of the gender wage gap, the factors which contribute to it and the impact of policies aimed at addressing it. By using an economy wide survey of wage differentials, this study represents an important contribution to the analysis of the gender pay gap in Ireland, as most previous studies have been restricted by the limited availability of data on wages in the manufacturing sector where only one in five women workers are based. The research uses data from the Living in Ireland Survey 1994 and 1997, which forms part of the European Community Household Panel.

It concludes that the gender wage gap continues to be substantial in Ireland despite anti-discrimination legislation although it has narrowed from a position in which women earned 80% of average male hourly earnings in 1987 to 82 % in 1994 and 84.5% in 1997.

The widest gap was found to exist in manufacturing where women are concentrated in low waged jobs and where the gender wage gap is more than 10% higher than the average. The research also found that men are more likely than women to have jobs which include a range of benefits, most significantly a pension.

In their examination of the factors which explain the persistence of the gender wage gap, the researchers argue that an increasing proportion of the gender wage gap was accounted for in 1997 by differences in the experience of women and men in the paid labour market. By 1997 three-quarters of the wage gap can be explained by differences in the pattern of labour force participation between women and men, mainly in relation to age, experience and length of service.

“About three quarters of the gap between men’s and women’s hourly wages can be attributed to the fact that women, under current social and economic structures, typically spend less time in the labour market than men and more time as carers in the home”.

(Callan et al 2001)

According to the research women workers spend on average twelve years in paid employment compared to an average of eighteen years for men. The key factor influencing women’s departure from the labour market is the arrival of children linked to the lack of affordable and accessible childcare services.

While the research concludes that the lower rate of participation by Irish women in the labour market is primarily explained by the fact that women carry the majority of caring responsibilities in a context of low public provision, there is a further ‘unexplained’ wage gap which accounts for about one quarter of the total. The researchers conclude that this important additional part of the gender wage gap can be explained by the concentration of women workers in low paid jobs where they are the majority of the low paid workforce and which account for an increasing proportion of all paid employment. Gender segregation and low valuation of female dominated jobs result, together, in a crowding of women into poorly paid areas of employment and consequently to a persistence of a significant wage gap.

“As women have tended to be over-represented among the low paid, the shift in the wage structure towards greater vertical inequality has worked to women’s disadvantage”.

(Callan et al 2001)

Recommendations from this research focus on the importance of increasing the supply of affordable high quality childcare, together with more flexible working hours and increased leave entitlements. Other recommendations highlight the critical importance of the National Minimum Wage, particularly the rate at which it is increased in the future, and the need for gender equality to be promoted within the collective bargaining process. The research also emphasises the importance of a large regular household survey with detailed labour market information from each adult, including earnings and hours worked.

The conclusions from this study reinforce those of successive research reports over the last twenty five years. In particular the need for comprehensive childcare services together with flexible and improved working conditions if women's labour force participation rate is to rise further and the gender wage gap is to be effectively addressed. An important new emphasis from this research is the crowding of women into low paid employment at a time when overall wage inequality is increasing in Ireland. In this context it is unlikely that the gender wage gap will narrow significantly over the period 1997 to 2007.

Childcare services

Important additional funding under the Equal Opportunities Childcare Programme has been allocated to childcare provision during the year 2002. This funding has targeted the enhanced provision of childcare services to disadvantaged communities primarily linked to improving access to training and employment. This funding follows a pattern established over a number of years under which community based organisations are grant aided to support capital expenditure and staffing costs. Funding for 2002 is stated to support 903 existing and 1181 additional childcare places. As a result, over 17,000 childcare places nationally receive support under the Programme, over 7,000 of which are new places. Under the lifetime of the National Development Plan 2000-2006 the government has committed over Euro 400 million to childcare services. Between 2000 and 2002, nearly Euro 60 million has been spent on childcare initiatives under the Programme.

Ireland continues to be a country in which public support for childcare is extremely limited. The policy framework lacks recognition of State responsibility in meeting childcare needs and providing childcare services. Where public funding is available it is extremely limited and focused on funding community and voluntary initiatives in extremely disadvantaged communities. While these initiatives are critical in communities where needs are high, there is no comprehensive national strategy towards childcare provision. For example only 4% of those under four years of age have access to a publicly funded childcare place.

Childcare costs are extremely high in Ireland and constitute a significant proportion, up to 20%, of household income compared to an 8% EU average. There has also been a significant increase in child benefit of 30% as detailed above - a universal payment paid to all households with children under sixteen years or under twenty four years where they are in continuous education.

A recent research Report carried out by Nexus Research Co-operative for the Irish Congress of Trade Unions "Congress Report on Survey of Childcare Practices – identifying members childcare needs" examined the way in which union members manage their childcare. Two thirds of those surveyed were employed in the public service

and, three quarters were female and all selected respondents had a child/ren under the age of fourteen. The study showed that childcare responsibilities were closely correlated with the decision to avail of flexible working arrangements primarily among women. In addition one quarter of women respondents stated that they had not applied for promotional opportunities because of childcare responsibilities. Other impacts cited by respondents included leaving the labour force altogether or moving from urban areas due to the high cost of childcare. 78% of childcare services used by respondents were paid and 64% of childcare services take place in the home of the childminder or neighbour. 43% of childcare service uses involve 'informally' paid childcare, a further 35% involve formal payment and 22% of childcare services are unpaid. A tiny proportion of respondents use crèches or nurseries. Respondents indicated that their average weekly expenditure on childcare ranged between Euro 102 and Euro 126.

This research revealed the extent to which the absence of childcare provision affects labour market participation mainly of women and the way in which the impact of lack of provision works out in practice. Respondents identified a number of specific impacts on their labour market position resulting from inadequate childcare provision. These included giving up full-time employment, not applying for promotion, not working overtime, working anti-social shifts, leaving the labour force altogether and being dependent on informal childcare arrangements with relatives, friends or neighbours.

Other Measures

Alongside measures on childcare and taxation, another important initiative has been introduced by government, the Equality for Women Measure, with an allocation of Euro 40 million over three years. This programme supports projects on women and decision making, addressing vertical segregation on the labour market and specific projects targeting marginalised or specifically disadvantaged women. In contrast to this programme, the reduction in registered unemployment has been used to reduce the resources allocated to active labour market schemes, in particular the community employment scheme which has provided an important route for women accessing or returning to the labour market. Women have represented a greater proportion of participants on the community employment scheme than their percentage of the paid labour force reflecting the importance of these schemes for women's labour market access. Reduced resources will have an adverse effect on women's employment opportunities particularly in the voluntary and community sector and also in disadvantaged communities.

Conclusion

The Irish government has responded in a partial manner to EU Council Recommendations 2001. Some of the changes in the taxation system brought in 2001 benefit lower and middle income earners, the majority of whom are women. This will contribute to an extent to the already rising level of women's employment brought about by a strong demand from women to enter and remain on the labour market despite adverse conditions. Additional resources to childcare will directly benefit women in

targeted disadvantaged areas. However the lack of public childcare provision over decades means that the chronic shortage of childcare places and expensive private market provision are likely to be a feature of the childcare sector for the foreseeable future. There has been a notable narrowing of the gender pay gap between women and men attributable largely to women's changing labour market participation pattern whereby women are spending longer periods of time in paid employment and bringing increased skills and qualifications to the job market. However the majority of women are crowded into low paid employment, a factor which accounts for the persistence of a significant gender pay gap. Irish employment policy lacks a coherent policy towards women's employment reflected in a lack of development of care services, low levels of leave provision and the high level of vertical segregation which confines a large proportion of women to low status and low paid positions. In a more restricted economic environment over the next few years it is likely that the recent strong growth in women's employment rate will not be sustained.