



Minister for Enterprise, Trade and Employment, Leo Varadkar
23 Kildare St
Dublin 2

By email

19th February 2021

Re: EU Directive on Adequate Minimum Wages

Dear Minister Varadkar,

Your department is currently consulting on proposals for an EU Directive on adequate minimum wages. NWC supports the development of an EU Directive in this area as it has significant potential to address gender inequalities experienced by women workers.

Minimum wage workers are more likely to be female, young, migrants and those working part time.¹ The European Commission's impact assessment on the proposal for an EU Directive points out that women are almost twice as likely to be a minimum wage earner than men (14% v 8%, in 2017) and that 60% of all those earning the minimum wage in Ireland are women.² As such, efforts to increase minimum wages impact particularly positively on women and this is borne out by data on the gender pay gap.

The most recent Eurostat data indicates that Ireland's (unadjusted) gender pay gap rose from 13.9% in 2014 to 14.4% in 2017. The Commission's impact assessment estimates that Ireland's gender pay gap could decline by almost 10% if Ireland's minimum wage were to reach 60% of median wages.³

Addressing the inadequacy of the minimum wage therefore helps to address gender equality, narrows the gender pay and pension gap as well as elevating women out of poverty, contributing to effective implementation of Ireland's policy goals under the National Strategy for Women and Girls, the UN SDG's, the Roadmap for Social Inclusion as well as Directive 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation.

The draft Directive also has the potential to drive an increase in collective bargaining coverage in Ireland. Collective bargaining is one of the most effective ways to create more equal redistribution of wealth, reduce inequality and address low pay. Research has indicated that countries with a high

¹ Redmond, P. (2020). Minimum wage policy in Ireland. ESRI.

² Commission Staff Working Document impact assessment. Accompanying the document Proposal for a Directive of the European Parliament and of the Council on adequate minimum wages in the European Union SWD/2020/245 final

³ Ibid



coverage of collective bargaining tend to have shorter working hours for both women and men, more flexible work options under secure employment conditions, better protection for non-standard workers, as well as a reduced gender pay gap.⁴

However, the proportion of employees covered by collective bargaining agreements in Ireland is low. Legislation is of particular necessity in Ireland, as our laws allow employers not to recognise unions in pay disputes. Unions are often not recognised and joint labour committees don't exist in many of the sectors women predominate.

The emphasis in the draft Directive on promoting social dialogue and collective bargaining is also in line with the National Strategy for Women and Girls, which had committed to tackling the gender pay gap 'including by initiating dialogue between union and employer stakeholders to address the gender pay gap'.

We are aware there are discussions regarding whether the provision at EU level would be a Directive or a Recommendation to Member states and we strongly hold the view that a Directive is required as it will deliver stronger obligations on member states in an area which is critical for women's equality.

We trust that your department will work to advance the implementation of the draft EU Directive on Adequate Minimum Wages as a significant contribution to addressing gender equality for women workers.

We remain available for further information.

We look forward to hearing from you,

Orla O'Connor,
Director,
National Women's Council

⁴ European Trade Union Confederation (ETUC). Collective bargaining and gender equality. <https://www.etuc.org/en/collective-bargaining-and-gender-equality>