



Sustaining Progress

Report of Consultative Group on Male/Female Wage Differentials

November 2003

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Foreword

This Report to Government has been prepared by the Consultative Group on Male/Female Wage Differentials, which was established under the Programme for Prosperity and Fairness. Under the terms of the PPF, the Group was charged with the task of developing proposals for action(s) to address the issues raised in the ESRI Report “How Unequal? – Men and Women in the Irish Labour Market”.

The ESRI Report was published in late 2000 and the Group commenced its work on this Report in January 2002. At the same time, the Group arranged for research on the gender pay gap in the IT (electrical and electronic), retail, food and local government sectors of the economy. This research was carried out by Indecon Economic Consultants and the Report “Study of the Gender Pay Gap at Sectoral Level in Ireland” was published in December 2002.

The PPF set this Group a difficult task. While there has been much analysis on the causes of the gender pay gap, and while there is a reasonable degree of consensus around those causes, there is far less agreement on how to address the issues giving rise to the gap or indeed on measures to reduce it. That the Group has produced this agreed Report is a credit to its members. The recommendations in the Report are a practical response to the continued male/female wage differential. The Group is satisfied that if implemented, these recommendations have the capacity to contribute to a reduction in the gender pay gap, over time.

Executive Summary

The Programme for Prosperity and Fairness (2000-2002) provides for the establishment of a Consultative Group on male/female wage differentials. The Department of Justice, Equality and Law Reform subsequently established the Group, comprising relevant Government Departments, the Equality Authority and the social partners. The Group, chaired by the Department of Justice, Equality and Law Reform, was reaffirmed in the current partnership agreement, Sustaining Progress (2003-2005). This is the Group's Report to the Government on the actions required to address the gender pay gap based on issues identified in the 2000 ESRI Report: "How Unequal? - Men and Women in the Irish Labour Market".

Conclusions and Recommendations

Chapter One of the Report lays out the background to the rationale behind this Report. After almost thirty years of equal pay and equal opportunities legislation, there remains a gap of 15% between the average hourly wage of men and women, according to the 2000 ESRI Report. A 2002 ESRI Report¹ indicates only a small narrowing of the gap between 1997 and 2000 of 0.3% (from 15% to 14.7%), in a period that covered the introduction of the National Minimum Wage and also during which employment levels grew rapidly and unemployment fell.

Chapter Two describes the policy framework at both national and international level, followed by an account of relevant legislation in *Chapter Three*. There is a well developed national and international policy framework which supports gender equality in the labour market. There has been a considerable body of anti-discrimination legislation enacted in recent years which has an impact on factors identified by the ESRI as giving rise to the gap. In most cases, it is too early to reach definitive conclusions as to the efficacy of the legislation in addressing some of the issues that give rise to the pay gap, the Group is of the view that more time needs to elapse before changes to the legislation could be recommended. In line with the ESRI's recommendation of developing a monitoring system and "culture of compliance" in order to encourage employers to understand and deal with hidden sources of discrimination, the Group recommends that the Equality Authority continue to implement its programme of Equality Reviews/Action Plans.

Chapter Four outlines the current policy on childcare provision. The provision of childcare was identified in the 2000 ESRI Report as a key issue to be addressed in tackling the gender pay gap. Since then, funding for the Equal Opportunities Childcare Programme and other measures to increase childcare provision have come on stream. The Group recommends that employers should consider the extent to which they can assist with the childcare needs of their staff through the provision of crèche facilities, and/or subsidies to assist with the cost of childcare.

¹ Impact Evaluation of the European Employment Strategy in Ireland, ESRI, 2002.

An analysis of family-friendly workplace arrangements is completed in *Chapter Five*. The Chapter lists current well-developed statutory entitlements regarding maternity, parental, adoptive and carer's leave and part-time workers, in order to support the retention in the labour market of women who have childcare and/or other caring responsibilities. In addition, the work of the NFC (National Framework Committee for Work/Life Balance Policies) is documented. The Group notes the importance of the well-developed statutory framework supporting the retention in the labour market of women who have childcare and/or other caring responsibilities. The Group recommends that relevant bodies should publicise the existing statutory entitlements of employees. While improvements to the maternity leave provisions² are to be welcomed, in the absence of well developed provisions for fathers, they may have the effect of reinforcing the primary role of women in child-rearing. In this regard, the Group recommends that the Department of Justice, Equality and Law Reform should take into account the impact of changes to the Parental Leave Act on the gender pay gap, as recommended by the Working Group's review³, and in particular, male take-up of parental leave. Two pilot FÁS projects ("Gateway for Women"), which are funded under the Equality for Women Measure, should be mainstreamed in order to develop a national programme for women returning to the workforce.

Chapter Six covers the issue of occupational segregation, focusing in particular on vertical segregation. The 2000 ESRI Report concluded that the greater contribution to the pay gap in relation to occupational segregation is that made by the low number of women in senior positions rather than the clustering of women in certain occupations. Actions to address occupational segregation are needed on a number of fronts. The Group recommends that a public awareness campaign on the gender pay gap, including one directed specifically at students, could contribute to the recognition of the gap as an issue, and thereby assist in a narrowing of the gap. Additionally, the Department of Justice, Equality and Law Reform should arrange for research to be undertaken in relation to the graduate gender pay gap in Ireland. Within employment, the Group recommends that public and private sector employers review the current situation in their organisations, with particular regard to recruitment and promotion, and set strategic objectives for the achievement of gender equality accompanied by clear time-based targets.

The effect of wages and collective bargaining on the gender pay gap is discussed in *Chapter Seven*. The National Minimum Wage (NMW) has a role to play in narrowing wage differentials because women tend to occupy a greater proportion of those jobs that pay the NMW. Therefore, the Group recommends that the NMW should be reviewed regularly and updated, in negotiation with social partners, as appropriate. If it is to impact on the gender pay gap, the NMW must be set at a level where it will actually impact on the wages of significant numbers of low paid workers. Given that women are disproportionately represented among the low paid, flat rate increases above the percentage level agreed for the generality of workers should be considered as part of general round increases, as this would impact on the pay of women to a greater extent and would contribute, all things being equal, to a narrowing of the gender pay gap. Taxation changes that are focused on improving the position of the low paid are also recommended as they are likely to benefit women to a greater extent than men and improve their relative after-tax position. The Group therefore recommends the Government should continue to focus tax changes on removing low paid workers from the tax net and widening the standard rate band. However it does not believe that changes in the tax system can be a

² Recommendations by the Maternity Protection Review Group to increase the maternity leave entitlement to 26 weeks, 18 of which attracts a payment and 8 weeks which are unpaid, came into force with effect from 8 March 2001.

³ The Report of the Working Group on the Review of the Parental Leave Act 1998 was laid before the Houses of the Oireachtas, presented to the Programme for Prosperity and Fairness and published on 29 April 2002.

substitute for addressing the fundamental issue of women earning less than men.

Chapter Eight focuses on the data requirements necessary to monitor the gender pay gap. There is a clear need for continued monitoring of the gap, however this is not possible without statistical data, of which there is currently a deficiency. The Group recommends the development of the NES (National Employment Survey)⁴ to provide the third pillar of a robust and flexible system of large-scale social and socio-economic surveys as a primary source of gender disaggregated earnings data, which would be complemented by the Quarterly National Household Survey (QNHS) and Statistics on Income and Living Conditions (EU SILC) surveys. The NES should be conducted annually with a core set of questions asked every year, supplemented by other modules to be included less frequently.

Chapter Nine provides an overview of the sectoral studies carried out under the PPF. The Report includes a number of recommendations which are specifically tailored for the IT (electrical and electronic), retail, food and local government sectors.

⁴ The NES has been recently introduced to replace the Structure of Earnings Survey (SES).

1

Mandate / Introduction

1.1 Mandate

The Programme for Prosperity and Fairness (Framework III, Chapter 3.12.13) dealt with pay differentials and sets out the mandate for a Consultative Group on the gender pay gap.

It states:

A Consultative Group, chaired by the Department of Justice, Equality & Law Reform, and including the Department of Enterprise, Trade and Employment, and the social partners will:

- Oversee the finalisation of the ESRI Report on Male/Female Wage Differentials, undertaken following a commitment in Partnership 2000;
- Consider its recommendations including the case for a sectoral analysis in both the public and private sectors; and
- Develop proposals for action/s to address issues identified in the Report for consideration by the Government.

This Report addresses the third indent above (paragraph 3.12.13 of the PPF). It follows the publication in 2000 of the ESRI Report “How Unequal? - Men and Women in the Irish Labour Market”, the Report referred to in the first indent. The sectoral analysis referred to in the second indent has been undertaken in four sectors and has been published.⁵ Its findings are summarised in Chapter 9.

Sustaining Progress reiterates the social partners’ commitment to the issue of the gender pay gap which is dealt with in Section 11 of the agreement.

1.2 Background

After almost thirty years of equal pay and equal opportunities legislation, there remains a gap of 15% between the average hourly wage of men and women according to the ESRI Report “How Unequal? - Men and Women in the Irish Labour Market”. The ESRI Report uses 1997 data and therefore predates the introduction of the National Minimum Wage and the impact on wage levels of the achievement of near full employment.⁶

There are many explanations for the gender pay gap. The ESRI can explain around three-quarters of the gap⁷ as relating to women’s absence from the labour force in respect of child rearing, and differences in age, education⁸ and training. The remaining unexplained part, sometimes called the “discrimination index” may relate to continuing gender discrimination due to the value placed on different jobs, wage setting and bias in recruitment and promotion, though this is not certain.

⁵ Study of the Gender Pay Gap at Sectoral Level in Ireland, Indecon International Economic Consultants, December 2002.

⁶ See Section 1.3.2 for reference to the more recent 2002 ESRI Report, which followed the introduction of the National Minimum Wage.

The ESRI highlights a number of issues which if addressed could contribute to a reduction in the gap. Chief among these is the issue of childcare. Other issues include the treatment of women returning to the workforce, flexible working arrangements, the National Minimum Wage and the overall impact of the implementation of equal opportunities policies. Also, the internal structure of trade unions and the nature of bargaining with employers in a social partnership framework was identified by the ESRI as an issue.

However, it would be wrong to think that there is a simple solution to the gender pay gap. The reality is that addressing the issues giving rise to the gap - including the explained portion - is a complex matter. In many cases, policies developed to address the gap will be competing and potentially conflicting, if not with themselves, with other policies designed to improve the position of women. For example, while improved childcare availability may encourage women to return to the workforce, if these women are returning to low paid jobs, the pay gap may widen. Furthermore, the pay gap is not uniform through all employments. While the average pay gap is 15% in Ireland, this hides large variations around the mean with the gap smaller in the public sector than the private sector, and larger in manufacturing than the rest of the economy. The matter is further complicated by issues such as access to pension provision and overtime rates for part-time workers.

There are also complex issues that reflect societal values and norms including, in particular, gender stereotyping. These values and norms are reflected in the traditional roles of men and women in relation to child rearing and breadwinning. While there have been some changes in this regard as more women work outside the home, progress has been slow. Horizontal and vertical segregation⁹ of the labour force also results to some extent from these societal values, although in the case of horizontal segregation, the ESRI Report is inconclusive as to its impact on the gender pay gap. Vertical segregation manifests itself in the small number of women who reach senior positions in public and private sector organisations - the glass ceiling. The resolution of these issues will require a combination of enlightened initiatives and a fundamental reappraisal of the role of women in society and the value placed on the work done by women.

Policy proposals to address the issues giving rise to the gender pay gap must take account of the policy framework within which we are working. This policy framework is underpinned by a commitment to equality of opportunity and includes a well developed legal infrastructure, positive action measures and mainstreaming. The objective of this Report is to address those issues that give rise to the gender pay gap, in order to create an environment where the barriers to women achieving equal pay are removed. In this context, equal pay is an economy wide

⁷ Although the ESRI can explain approximately 10% of the 15% gender pay gap (i.e. two-thirds), their Report refers to three-quarters. The explanation for this apparent discrepancy is as follows:

1. The figures given of the female/male wage ratio of 84.5% or a gap of 15.5% are based on the usual arithmetic average of male and female wages. Decomposition analysis, however, uses logarithms of the individual wages as the basis of the analysis - this is necessary for the decomposition algebra. As a result, the mean wages used for decomposition are means of the logarithm of the wages. This is essentially the log of the geometric mean of wages i.e., instead of $\log((X+Y)/2)$, the log of the simple arithmetic average, the log of (square root of (X times Y)) is used instead.

2. The "discrimination index" is defined in such a way that it measures by how much female wages would rise if there were no discrimination (in the sense that the coefficients attaching to characteristics were the same in the male and female wage equations). Thus, if the wage ratio, adjusted for differences in characteristics, were 90%, we might say that the wage gap was 10% of the male wage, but the discrimination index would be 11.1% i.e., $(1/0.90)$.

It is these two features which together give rise to the figures which underlie the statements that three-quarters of the gap is attributable to measured explanatory variables, and the discrimination index, rounded to the nearest whole per cent, is 5%.

⁸ The reference to education is not implying that females have received less education, but that it contributes to the gender pay gap in the overall.

⁹ Horizontal segregation refers to the concentration of men and women in different occupations, vertical segregation to the clustering of women at lower levels of the occupational hierarchy within occupations.

measure and is broader than the narrower legal concept of equal pay for work of equal value.

1.3 ESRI Reports¹⁰

1.3.1 How Unequal? - Men and Women in the Irish Labour Market

The ESRI Report entitled “How Unequal? - Men and Women in the Irish Labour Market” was published in 2000. The main findings are:

1. The Report shows that average female hourly earnings rose from around 80% of average male earnings in 1987 to 82% in 1994, and to 84.5% in 1997. This means that the gender pay gap, as measured by ESRI, was 15.5% in 1997. This figure increases by 1 or 2 percentage points if benefits, particularly pension, are taken into account;
2. The Report states that regular statistics on a full, economy-wide basis for male and female earnings are not available;
3. Using statistical techniques, the ESRI was able to decompose the pay gap into that which could be explained by differences in age, labour market experience and education of women, and the unexplained portion, sometimes referred to as the discrimination index. The ESRI estimated this unexplained portion of the gap at 5%;
4. The research states that for a typical man, the arrival of children has little impact on his labour market participation; but a woman with identical qualifications and experience would typically have 9 years less labour market experience by age 47. Consequently male and female wages cannot be brought closely in line with each other without an increase in labour market attachment; one method of achieving this is through flexible working arrangements;
5. The ESRI Report supports increased investment in childcare;
6. Other issues will also impact on equality of opportunity:
 - Recent legislation on equality and how it is implemented;
 - The internal structure of trade unions and the nature of bargaining with employers and in a social partnership framework¹¹;
 - The National Minimum Wage and how it is uprated;
 - Measures designed to make the workplace more family-friendly (parental leave, maternity leave, women returners);
 - Availability of flexible working arrangements, e.g. part-time working, job-sharing, teleworking, flexitime, and
 - Measures to address vertical segregation;
7. Statistical methods of monitoring or enforcement of employers’ behaviour are needed to ensure that illegal discrimination aimed at profit maximisation does not occur. Equality audits have a role to play here, as both a “stick”, but also as a support to aid employers in understanding and dealing with hidden sources of discrimination. The focus insofar as possible should be on the development of a culture of compliance rather than stringent monitoring;

¹⁰ This Section does not reflect the Group’s opinions, but provides an overview of existing ESRI Reports.

¹¹ However, membership of a trade union and centralised wage bargaining are associated with narrower gender wage differentials.

8. The results suggest that the level of labour market discrimination has fallen between 1987 and 1997. The ESRI states that unless men and women were to become more similar in relation to their time spent as carers in the home, and there are differing views as to whether or not this should happen, complete equality of labour market outcome is not the appropriate yardstick for a policy aimed at equality of opportunity.

1.3.2 Impact Evaluation of the European Employment Strategy in Ireland

The ESRI undertook an evaluation of the impact of the European Employment Strategy which was published in 2002. Part of the review dealt with equal opportunities between men and women. While the focus of this Report to Government is on the issues raised in “How Unequal?”, the evaluation provides a considerable amount of important data on the position in relation to the gender pay gap. In particular, it updates the data on the size of the gap using 2000 data, and makes a number of findings in relation to the factors giving rise to the gap.

The key findings are the following:

1. Although the female labour market participation rate increased from 49.8% in 1997 to 55.7% in 2000, there was not a significant reduction in the overall wage gap, which declined by 0.3%, from 15%¹² to 14.7%. This suggests that the introduction of the Employment Strategy (1998) and Employment Action Plans have had little impact on gender inequality. However, this could be due to the fact that women in the labour market have more favourable characteristics than women outside the labour market. This is indicated by the lower number of years of work experience for women returners, which has decreased from 14.7 years in 1997 to 12.7 years in 2000, and the higher number of years spent outside the labour market, which has increased in the same period from 6 to 9.6 years. These changes may have had a dampening effect on any reduction in the wage gap. Therefore policies such as parental leave schemes, maternity leave and childcare provision, under the employment strategy to “reconcile family and working life”, are likely to be important in reducing this gap, as these are likely to increase the continuity in women’s working lives as less time will be spent out of the labour market;
2. The pay gap is much wider among part-time than full-time employees, and therefore this distribution may contribute to the overall average gender wage gap; However, the wider gap is due primarily to high mean hourly wages for male part-timers rather than a low mean wage for female part-timers;
3. The gap in hourly earnings widens as level of education decreases, however, amongst those with degrees, women still earn 15% less than men. Nevertheless, differences in men’s and women’s qualifications do not account for the continuing gender wage gap;
4. These 2000 figures suggest that the pay gap has fallen only marginally since the introduction of the National Minimum Wage. However further investigation of these workers is needed as a significant minority of the sample, especially women, were still earning less than the NMW, which suggests that its introduction in 2000 may not have been fully enforced at the time of the survey;¹³
5. The female/male wage gap is narrowest amongst those in professional occupations, and

¹² The figure of 15% varies marginally from the 15.5% figure in the “How Unequal?” ESRI Report, 2000, because it is weighted by individual weights rather than household weights.

¹³ 6.1% of men and 9.5% of women were earning less than the National Minimum Wage (£4.40) in 2000.

widest in both high and low status occupations; among managers and senior officials the gap is 30%, and in sales and service occupations and elementary occupations the gaps are 35% and 25.8% respectively. There has been a marked increase in the gap for younger employees (a 10.7% increase in those aged 17-24) and for those with less than 5 years work experience (an increase of 20.1% between 1997 and 2000);

6. The gender wage ratio in the public sector is significantly higher than in the private sector (95.2% as opposed to 78%), which the ESRI considered might partly be expected as a result of greater compliance with anti-discrimination legislation, better employment practices and perhaps a more homogenous set of employees. The ratio has improved slightly in the public sector since 1997, but marginally disimproved in the private sector;
7. Further inroads into occupational segregation, both horizontal and vertical, are necessary to make an impact on the gender pay gap;
8. Marriage or living with a partner has a positive impact on male wages, but for women this positive impact is lost. Single women earn 5% less than single men, while married women earn 19% less than married men, all things being equal.

1.4 Conclusion

The Group's mandate was set out in the PPF and is now reaffirmed in the SP agreement (2003-2005).

The ESRI Report (2000) set out causes of the gap and the issues to be addressed. The subsequent ESRI Report (2002) indicates only a small narrowing of the gap between 1997 and 2000 of 0.3% (from 15% to 14.7%), a period that covered the introduction of the National Minimum Wage and a period during which the Irish labour market was exceptionally buoyant.

In the following Chapters, the Group puts forward its proposals on how the issues raised in the ESRI Report (2000) should be addressed. The Group believes that these proposals can contribute to a narrowing of the gap between women's and men's earnings over time.

2

Policy Framework

2.1 Introduction

Policy framework encompasses policies adopted at both national and international level. In this Chapter we outline the various policies adopted which impact on equality of opportunity generally and on the gender pay gap either directly or indirectly.

2.2 National Policy

National policy is firmly rooted in a desire to achieve equality of opportunity. This is set out clearly in the Department of Justice, Equality and Law Reform Strategy Statement, 2003-2005. High Level Goal 11 is “To promote the development of a more equal society by promoting, monitoring and implementing the right to equal treatment and the accommodation of diversity, having regard to **gender**, marital status, family status, sexual orientation, religious belief, age, disability, race and membership of the Traveller community”.

Objective 11-2 is to “Develop and pursue equal opportunity and equal access policies”. This Report to Government falls under this Objective.

The ESRI Report (2000) points to the difference between policies aimed at equality of opportunity, as Ireland’s currently are, and policies aimed at equality of outcome. Since the ESRI Report, the Government has adopted a strategy of gender mainstreaming of the National Development Plan which focuses on the enablement of equality of outcome. Equality of opportunity focuses on eliminating any obstacles which act as an impediment to the achievement of equality. In the case of the gender pay gap, the distinction may be somewhat academic as it would be expected that policies aimed at equality of opportunity in this area should result in improved outcomes.

2.2.1 Partnership Agreements

It is interesting to map the development of the importance of the issue of gender equality through the six partnership agreements, beginning with the Programme for National Recovery (PNR) (1987-1990) and concluding with the latest agreement, Sustaining Progress (SP) (2003-2005). The PNR was framed against a background of high unemployment and poor public finances. Its focus was on addressing these issues within a framework of modest pay rises. There is no specific reference in the PNR to equal pay, although the general round increases did have a floor. The next agreement, the Programme for Economic and Social Progress (PESP) (1991-1993) built on the PNR and addressed issues such as a statutory minimum wage, part-time workers, childcare and an increase in the age limits for recruitment to the civil service, all of which have some impact on the earnings of women. The third agreement, the Programme for Competitiveness and Work (PCW) (1994-1996) dealt with issues such as legislation on equal pay, social partner implementation of equal pay for work of equal value, and committed public bodies to implement equal opportunities policies. It also made commitments on childcare, the implementation of the Pregnancy Directive and consultation on Parental Leave. Partnership

2000 (P2000) (1997-2000) made a specific commitment to follow-up research to the 1994 study by the ESRI¹⁴, and the 2000 ESRI Report¹⁵ which forms the basis for this Report, was the result. P2000 also made commitments in regard to childcare and family-friendly policies and women's access to labour market opportunities. The Programme for Prosperity and Fairness (PPF) (2000-2002) included the commitment to establish this Consultative Group with the programme of work described in Chapter 1. Furthermore, it included as one of its objectives the enhancement of the opportunities and the removal of disincentives to participation by parents in economic and social activity through appropriate childcare. The agreement also provided for the establishment of a National Framework Committee for the Development of Family-Friendly Policies at the Level of the Enterprise to support family-friendly policies at this level. The purpose of the National Framework was to identify actions to be undertaken by the social partners at national level to support the development of family-friendly policies in the workplace. A National Framework Committee was established to implement the agreement. The latest agreement, Sustaining Progress (SP), acknowledges the completion of the ESRI Report (2000) and the continuation of the development of the proposals for this Report. A Partnership sub-committee is to be established under the Equal Opportunities Childcare Programme (EOCP) in order to build on the Partnership process at the local level. The sub-committee will consider recommendations on how to improve the availability of quality childcare for working parents. The work of the National Framework Committee for Work/Life Balance Policies¹⁶ is set to continue under the agreement.

It is clear that taken together, these agreements combine to form a significant body of work in the area of equality of opportunity and contribute to the creation of the conditions where issues such as equal pay can be advanced. There is also a clear progression as the social partnership model has developed to the point where this Report will make concrete proposals to Government aimed at addressing the various issues that give rise to the gender pay gap.

2.2.2 Programme for Government

The Programme for Government includes a number of commitments that will have an indirect bearing on the gender pay gap. These include: increased childcare provision and child benefit; strengthening of the parental leave régime; implementation of a structured programme to address gender imbalances in management positions in the public sector; and ensuring that life-long learning policies are responsive to the needs of women.

2.2.3 Employment and Human Resources Development Operational Programme (EHRD OP)

The EHRD OP includes as a priority level objective the promotion of equal opportunities between men and women, and the adoption of a comprehensive gender mainstreaming approach which will be monitored through adequate data collection systems and procedures (including measures to tackle the gender gap in unemployment rates between men and women).

This OP now contains 23 projects being funded under the Equality for Women Measure and for which €6m has been provided to 2005. This expenditure is co-funded by the European Social Fund.

The NDP Gender Equality Unit in the Department of Justice, Equality and Law Reform and the Equality Unit in the Department of Education and Science are also being funded under the OP.

¹⁴ ESRI Report on Male/Female Wage Differentials, 1994.

¹⁵ How Unequal? – Men and Women in the Irish Labour Market.

¹⁶ Formerly the National Framework Committee for Family-Friendly Policies at the Level of the Enterprise.

2.2.4 Regional Operational Programmes

The Social Inclusion and Childcare priority in the two Regional OPs seeks to address Social Inclusion in a comprehensive way with investment in childcare facilities to enable more parents, particularly women, to enter or re-enter the workforce, as well as taking up second-chance education and training opportunities. In response to the recommendations of the December 1999 Helsinki Council in relation to the strengthening of overall childcare provision, the recommendation contained in the P2000 Childcare Report, and in line with the priority of enhancing the quality of labour supply, a total of €66.4m (BMW) and €255.4m (S&E) will be invested over the period of the National Development Plan.

Almost 50 projects under the Equality for Women Measure are funded under the Regional OPs. Included among these are 6 projects focusing on the gender pay gap, details of which are set out in Appendix D.

2.2.5 Taxation

A significant change to the income tax system over recent years has been the individualisation of tax bands. This has provided an incentive for women to remain in or return to the workforce, though it is difficult to assess its impact at this stage, as its introduction coincided with labour shortages and rising wages. Insofar as this policy results in women having a longer attachment to the labour market, it has a positive impact on the gender pay gap. The issue of taxation in dealt with in Chapter 7.

2.3 International Policy

2.3.1 European Union

Equality between women and men is a fundamental principle of the European Community under Articles 2 and 3 (2) of the European Community Treaty. Article 2 makes equality between women and men one of the central tasks of the Community. Article 3 (2) imposes an obligation on the Community to eliminate inequality and to promote equality between women and men in all its activities. Article 13 provides a legal basis for action to combat discrimination in all areas in which the Community has competence, including sex discrimination.

Equality is also dealt with in the social policy provisions of the Treaty (Articles 136-145). In accordance with the mainstreaming principle, gender equality is relevant in all the areas referred to, such as improved living and working conditions and social dialogue. In addition, articles 137 and 141 make explicit reference to gender. Article 137 enables the Community to adopt measures which support and complement the activities of Member States relating, *inter alia*, to equality between women and men with regard to labour market opportunities and treatment at work. Article 141 provides for equal pay for men and women in respect of like work/work of equal value. It also provides a legal basis for the development of legislation in the area of equal opportunities and equal treatment in employment and allows for positive action measures to redress existing imbalances between women and men in employment.

The main Council directives relating to gender equality in employment and training are:

- Equal Pay Directive (75/117/EEC);
- Equal treatment between men and women Directive (76/207/EEC) and Directive 2002/73/EC;
- Pregnant Workers Directive (92/85/EEC);
- Parental Leave Directive (96/34/EC), and
- The Council Directive 97/81/EC of 15 December 97 concerning the framework agreement on part-time work concluded by UNICE¹⁷, CEEP¹⁸ and the ETUC¹⁹.

In addition to directives there are also a number of Council Resolutions and Council Recommendations guiding EU policy developments on gender equality.

2.3.2 EU Programme on Gender Equality 2001-2005

The EU chose equal pay as a priority topic for transnational projects to be funded during the first year of the Programme. Funding of €7-8m was available under the Programme and it is under this Programme that Ireland has undertaken sectoral studies on the gender pay gap and a comparative study with Northern Ireland, Sweden and Finland. The findings of these studies are dealt with in Chapter 9.

2.3.3 Employment Guidelines

The 2003 Employment Guidelines urge Member States and the social partners to adopt a multi-faceted strategy in the public and private sectors. Suggested actions include a review of job classification and pay systems to end gender bias, improving statistical and monitoring systems and awareness raising about the pay gap.

2.3.4 United Nations - International Labour Organisation Conventions

In the field of equal rights there are two Conventions of the International Labour Organisation which impact directly on the gender pay gap:

1. The Equal Remuneration Convention, 1951 (No. 100) which has been ratified by 140 countries, including Ireland. Article 2 states that "Each Member shall, by means appropriate to the methods in operation for determining rates of remuneration, promote and, in so far as is consistent with such methods, ensure the application of the principle of equal remuneration for men and women workers for work of equal value";
2. The Discrimination (Employment and Occupation) Convention, 1958 (No. 111) which calls for equality in all aspects of employment, as well as in work outside employment. It covers discrimination on a wide range of grounds, including race, colour, sex, religion, political opinion, national extraction and social origin, with the possibility of the ratifying country adding more grounds. Ireland has ratified this Convention.

2.3.5 The Convention on the Elimination of Discrimination Against Women (CEDAW)

The United Nations General Assembly adopted the Convention on the Elimination of all forms of Discrimination Against Women in 1979. The 30-article Convention sets out in legally binding form internationally accepted principles and measures to achieve equal rights for women everywhere. CEDAW calls for equal rights for women, regardless of their marital status, in all fields - political, economic, social, cultural and civil. The Convention underlines the equal responsibilities of men and women in the context of family life.

Ireland acceded to the Convention in 1985 and submitted its first periodic Report in 1987 and its combined Second and Third periodic Reports in 1997. Ireland's Combined Fourth and Fifth Reports were submitted to the United Nations in June 2003.

2.3.6 UN Platform for Action on Gender Equality

The Beijing Declaration and Platform for Action, adopted unanimously at the UN Fourth World Conference on Women in 1995, by representatives from 189 countries, reflects a new

¹⁷ Union of Industrial and Employers' Confederations of Europe.

¹⁸ European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest.

¹⁹ European Trade Union Confederation.

international commitment to the goals of equality, development and peace for all women everywhere. Ireland fully endorsed the Beijing Declaration and Platform for Action without reservations.

Twelve critical areas of concern were identified including education and training of women, and women and the economy. Ireland responded to a UN questionnaire to Governments on the implementation of the Beijing Platform for Action in 2000.

The Irish Government participated in the United Nations General Assembly in June 2000 and supported a Political Declaration calling for National Action Plans. Following an extensive consultation process, the Irish Government published a Report to the United Nations on the National Plan for Women on the Implementation of the Beijing Platform for Action in 2002. It details current Government commitments to policies, strategies, programmes and measures in relation to advancing the status of women in Irish society under the relevant strategic objectives of the Platform for Action. It is available on the web site of the Department of Justice, Equality and Law Reform.

2.4 Conclusion

It is clear that there is a well developed national and international policy framework within which any consideration of the issue of the gender pay gap can take place.

In the next Chapter, we review the legislative framework within which equal opportunities and equal pay operate.

3

Legislative Framework

3.1 Introduction

This Chapter deals with the legislative anti-discrimination provisions which have an impact on the factors identified by the ESRI as contributing to the gender pay gap. The legislation in question relates in many cases to issues that are broader than pay and equal opportunities. However, we focus here on gender pay related issues and not on the wider equality agenda.

3.2 Legislation

3.2.1 Anti-Discrimination (Pay) Act 1974

The Anti-Discrimination (Pay) Act 1974 is widely recognised as one of the most important pieces of legislation to impact on the gender pay gap. The Act established the right of men and women employed in the same place on like work by the same employer (or an associated employer if the employees of both employers had the same terms and conditions of employment) to equal pay. A man and woman were considered to be employed on like work where both performed the same work under the same or similar conditions; where they were interchangeable with one another in relation to the work; where the work performed was of a similar nature, with any differences being infrequent or of small importance in relation to the work as a whole; or where the work was equal in value in terms of the demands it made in relation to such matters as skill, physical or mental effort, responsibility, and working conditions.

The Act provided that a dispute between an employer and an employee about equal pay could be referred by a party to the dispute to an Equal Pay Officer²⁰ for investigation and recommendation. There was a right of appeal to the Labour Court and from the Labour Court to the High Court on a point of law.

At the time of its enactment, the focus was on the overt discrimination that existed whereby in many employments male wages were higher than female wages for the same or similar work or for work of equal value. While the Act made significant strides in addressing such discrimination and led to some closing of the gap, of itself the Act could only address some element of the then existing gap, effectively the element directly attributable to discrimination. It did not address questions of discrimination related to, for example, promotion and other issues. This Act has now been superseded by the Employment Equality Act 1998.

3.2.2 Employment Equality Act 1977

This Act prohibited discrimination on grounds of sex or marital status in recruitment for employment, in training, in conditions of employment or in the provision of opportunities for promotion. The Act prohibited both direct and indirect discrimination. Complaints of

²⁰ Equal Pay Officers were re-named Equality Officers under the Employment Equality Act 1977 and transferred to the Labour Relations Commission under the Industrial Relations Act 1990.

discrimination were dealt with by Equality Officers and by the Labour Court; the findings of the latter were binding and could only be appealed on a point of law. This Act has now been superseded by the Employment Equality Act 1998.

3.2.3 Employment Equality Act 1998

The Employment Equality Act 1998 prohibits both direct and indirect discrimination in relation to employment on nine grounds, one of which is gender. Direct discrimination occurs when one person is treated less favourably than another is, has been or would be treated. Indirect discrimination on grounds of gender occurs in the context of employment or training as a result of the application or imposition of an apparently neutral requirement or practice that disadvantages a substantially higher proportion of persons of one gender in the case of pay (or gender, marital status or family status in other cases) compared with persons of the other gender unless it is appropriate and necessary and can be justified by objective factors unrelated to gender.

Under the Act, equal pay for like work is made a term of every employment contract. Like work is shown by comparing the work of the claimant with another person (comparator) working for the same, or an associated, employer, either at the same time as the claimant, or during the previous or following three years. The comparator does not have to be employed in the same place as the claimant. The Act codifies indirect discrimination in relation to pay for the first time in Irish law.²¹ An employer may show by way of defence that there are grounds, other than those purely related to the sex of a person, for different rates of pay.

The Act also provides that a contract of employment shall be taken to include an equality clause, whether it contains one or not. This has the effect of overriding any clause in an employment contract that provides for less favourable treatment of employees on the basis of one of the nine grounds. The employees being compared must be working in the same employment, doing work that is not materially different. Equality clauses do not apply where differences in the terms of employment are not based on one of the nine grounds.

3.2.4 Equality Reviews

The 1998 Act defines an Equality Review as an audit of the level of equality of opportunity that exists in employment and an examination of the practices, procedures and other relevant factors to determine whether they are conducive to the promotion of equality of opportunity. An Equality Action Plan is defined as a programme of actions to promote equality of opportunity in employment.

Initiatives can be taken by employers to carry out equality reviews and to develop equality action plans. Furthermore, the Act gives the Equality Authority the power to invite an employer, or group of employers, to carry out equality reviews and/or prepare and implement an equality action plan. Alternatively, the Authority may itself carry out the review(s) and prepare an equality action plan for implementation - however, this latter power only applies to businesses with at least 50 employees.

The Equality Authority is currently supporting voluntary Equality Reviews and Action Plans under the Equality for Women Measure and under the Framework for the Development of Equal Opportunities at the Level of the Enterprise. To date, a number of prominent private and public sector organisations have decided to participate in the scheme. While the Reviews apply to the

²¹ The 1974 Act was interpreted to prohibit indirect discrimination in relation to pay.

nine grounds of the equality legislation, a specific module deals with gender pay.

3.2.5 Maternity Protection Act 1994

The main purpose of the Act is to provide protection for all pregnant employees, and for employees who have recently given birth or who are breastfeeding. A review of the Maternity Protection Act 1994 was carried out by the Maternity Protection Review Group in 2000. Following this review the Government increased the maternity leave entitlement to 26 weeks, 18 of which attract a payment and 8 weeks of which are unpaid²². (The previous entitlement was 14 weeks paid and 4 weeks unpaid). The Government also approved further recommendations from the Review Group which require the preparation of primary legislation and/or subsequent Regulations. The main recommendations in this regard are:

- The period of additional maternity leave to attract the same employment rights as parental leave (i.e. right to reckon for annual leave, for seniority and incremental purposes);
- Provision for paid time off for mothers to attend one set of ante-natal classes, and provision for paid time off for fathers to attend two ante-natal classes;
- Provision for either an adjustment of working hours or facilities in the workplace (subject to nominal cost) to facilitate breast feeding up to 4 months after the birth.

The Maternity Protection (Amendment) Bill, further strengthening employment protection for pregnant employees, was published on 2 May 2003 and the aim is to have the legislation enacted by the end of 2003.

3.2.6 Adoptive Leave Act 1995

The Adoptive Leave entitlement has also been increased in line with new maternity leave provisions. Adoptive parents now qualify for 22 weeks' leave, 14 of which attract a payment and 8 of which are unpaid²³. The other approved recommendations to the Maternity Protection Act will, where appropriate, also be given effect in an amendment to the Adoptive Leave Act. The Adoptive Leave (Amendment) Bill will be published as soon as possible with a view to its enactment by the end of 2003.

3.2.7 Parental Leave Act 1998

The Parental Leave Act 1998 has two main purposes:

- To provide both parents with the right to avail of fourteen weeks per child unpaid leave to take care of young children (i.e. under 5 years old, except in some cases of adoption where an older age applies). This can be taken as a continuous block or, with the agreement of the employer, broken up over a period of time. Each parent has a separate entitlement to leave and it may not be transferred between parents; and
- To provide for limited paid leave - force majeure leave - to allow employees deal with family emergencies resulting from illness or injury of a family member. The Act provides for up to three days in any twelve consecutive months, or five days in any consecutive 36 months. Absence for part of a day is counted as a day of leave.

²² The Report of the Working Group on the Review and Improvement of the Maternity Protection Legislation was published by the Minister for Justice, Equality and Law Reform on 28 February 2001. The recommendation to increase maternity leave was implemented by means of the Maternity Protection Act 1994 (Extension of Periods of Leave) Order 2001 which was signed on 8 February 2001 and came into force with effect from 8 March 2001.

²³ The increases were given effect by means of the Adoptive Leave Act 1995 (Extension of Periods of Leave) Order 2001 which was signed on 8 February 2001 and came into force with effect from 8 March 2001.

Parental leave can be postponed by an employer, for a maximum period of six months, if they are satisfied that granting the leave would have a substantial adverse impact on their business. Periods of parental leave are counted as reckonable service and the worker retains all of their employment rights, including annual leave, increments, etc., except the right to remuneration and superannuation benefits.

The Government is committed to strengthening the Parental Leave Scheme in line with the agreed recommendations of the social partners arising from the Working Group on Parental Leave. This will require amending primary legislation to provide for a range of improvements as detailed in Sustaining Progress. The recommendations of the Working Group are being examined in detail by the Department of Justice, Equality and Law Reform with a view to bringing concrete proposals to Government.

3.2.8 National Minimum Wage Act 2000

The National Minimum Wage Act 2000 came into force on 1 April 2000. Under the Act, an experienced adult worker must be paid an average rate of pay no less than a specified minimum, currently €6.35 per hour. The Act provides for lower minima in respect of employees under 18, in the first two years after the date of first employment over the age of 18, or for trainees undertaking certain courses. All employees are entitled to this minimum rate, including part-time and casual workers, with the exception of employees who are close relatives of the employer, e.g. a spouse, parent, sibling, son, daughter, etc.

The Act does not provide for an automatic upward adjustment.

The impact of the NMW on the gender pay gap depends on a number of factors including the level at which it is set, the degree to which it impacts on female as against male employees, enforcement, and how it is adjusted once set. The National Minimum Wage is dealt with in Chapter 7.

3.2.9 Carer's Leave Act 2001

The main purpose of the Carer's Leave Act is to provide for a new entitlement for an employee to avail of temporary unpaid leave from his/her employment to enable him/her to personally provide full-time care and attention for a person who is in need of such care. The period of leave to which an employee is entitled is subject to a maximum of 65 weeks in respect of any one care recipient. The minimum statutory entitlement is 13 weeks. An employee is entitled to return to work at the end of the period of leave. Employees availing of this entitlement who are covered by Pay Related Social Insurance qualify for the Carer's Leave Benefit.

3.2.10 Protection of Employees (Part-Time Work) Act 2001

The Protection of Employees (Part-Time Work) Act 2001 came into force on 20 December 2001. The purpose of the Act is:

- To provide that a part-time employee cannot be treated in a less favourable manner than a comparable full-time employee in relation to conditions of employment;
- To provide that all employee protection legislation applies to a part-time employee in the manner it already applies to a full-time employee;
- To improve the quality of part-time work; and
- To facilitate the development of part-time work on a voluntary basis and to contribute to the flexible organisation of working time in a manner which takes account of the needs of employers and workers.

3.3 Review of the Impact of Existing Legislation

The Equality Authority, the Equality Tribunal²⁴ and the Labour Court were asked to provide information on their experience to date in the implementation of legislation impacting on equal opportunities and in particular equal pay; IBEC and ICTU were also invited to provide their views on the implementation of the legislation.

3.3.1 Equality Authority

During 2001 and 2002, the gender ground constituted the largest category of case files dealt with by the Equality Authority. In 2002, 39 cases related to equal pay issues (8% of total). Of these, 19 related to the gender ground, 14 to the race ground, 4 to the age ground and 1 each to the marital status and disability grounds.

The Authority highlighted difficulties in pursuing equal pay claims. In particular:

- Accessing information on pay or on job descriptions to prove like work. While there is a right to seek this information there is no right to actually receive it.
- The segregated nature of many workplaces means that male comparators are not available to prove the claim.

The Authority considers that there is a need to develop the legislation to ensure there is access to information and to limit the need for a comparator through new approaches. There is also a difficulty with the need for statistics in indirect discrimination cases. Justification of indirect discrimination is also problematic as it allows discrimination by impact²⁵. The Authority believes that group cases/class actions should be allowed. It also believes that there is a value in moving towards positive duties²⁶ in this area with a requirement on employers to conduct and respond to regular gender pay audits. The Authority also believes that the Department of Justice, Equality and Law Reform should consider researching legislative responses, in other jurisdictions, to the issue of equal pay.

3.3.2 The Equality Tribunal

While statistics (See Tables 5 to 9 in Appendix C) provided by the Equality Tribunal would suggest that the number of gender based equal pay cases has fallen, the counting of cases as either individual or group (where a claim on behalf of a number of individuals against the one employer is counted as one case) may lead to inconsistency between figures and makes it difficult to be definitive about trends in case numbers. There is no provision in Irish law for class action type claims, as all cases must be taken in the names of individuals.

The apparent fall in the number of referrals on the equal pay ground comes at a time of increase in the number of employment related referrals since the Employment Equality Act came into force. The number of individual equal pay claims referred on the gender ground in 2001 and 2002 was 76 and 44 respectively.

According to the Equality Tribunal figures, equal pay cases also appear to have a significantly lower success rate than other discrimination cases, 17% as against 31% for all employment discrimination cases. By far the most common reason for claims failing in the period 1999-2001 was that like work with the comparator had not been established. An issue of interest which has arisen in recent caselaw is the statistical evidence required for establishing indirect

²⁴ Office of the Director of Equality Investigations (ODEI)

²⁵ Indirect discrimination which can be justified in certain circumstances, which is, therefore, allowed.

²⁶ Requirements to positively promote equality, not merely not to discriminate.

discrimination. Recent cases have emphasised, following European Court of Justice decisions, that in order to sustain a claim for equal pay between female employees in one grade and male employees in another grade doing like work, it is necessary to show not only that the claimants' grade is predominantly female but also that the comparators' grade is predominantly male. Given that occupational and grade segregation is so often an issue in debating the effectiveness of the equal pay model, the Equality Tribunal considers that recurrence of this issue may suggest that even where predominantly female lower paid grades persist, the better paid comparator grades are increasingly composed of both male and female workers, making it difficult to succeed with equal pay claims in the traditional indirect discrimination model.

The Equality Tribunal believes it is difficult to draw firm conclusions from the statistics on equal pay cases taken to the Tribunal or previously to the Labour Court. In addition to the problems concerning the counting of group and individual cases, there are also issues relating to union representation, where the impact of cases is reflected in the collective bargaining process and the probability that the existence of the legislation itself will have a significant persuasive effect on normal practice without cases having to be referred.

3.3.3 IBEC

IBEC is of the view that equity requires the need for a comparator in equal pay cases, as set down in the Equal Pay Directive. A person must be required to identify a comparator in the same employment performing 'like work' to establish an entitlement to equal pay.

In indirect discrimination cases the onus of proof is on the person making the allegation that he/she has been the victim of indirect discrimination. In a case where it is disputed that significantly more of one gender is adversely affected by a certain rule then it is up to the person making the allegation to support this allegation with evidence. Statistics are obviously one way to establish this.

IBEC does not agree that there should be any requirement to carry out gender pay audits. This would in effect amount to a requirement on employers to carry out job evaluation exercises on a regular basis. Monitoring this would be, in its view, impossible and the existing provisions set out in the Employment Equality Act are more practical.

3.3.4 ICTU

The ESRI Report, "How Unequal?", documents the difficulties in securing equal pay entitlements through individual cases. ICTU believes the legislation would be more effective if it included provision for class action remedies and for the use of special job evaluation or classification systems which allowed for comparison between different kinds of jobs. In addition, there is a body of international research which supports the proposition that complaint driven approaches are less effective than those which permit the use of class actions or where a government inspectorate pro-actively ensures compliance.

ICTU notes the new emphasis on the use of voluntary gender pay audits in the UK and the commitment to review the voluntary approach in this area if few organisations carry out audits. ICTU is concerned at the low number of employers who are participating in equality reviews which are assisted by the Equality Authority. ICTU is of the view that there is a need to consider introducing a legal requirement in this area.

3.4 Conclusions

The Group notes the extensive body of legislation that has been enacted in recent years. In most cases, it is too early to reach definitive conclusions as to the efficacy of the legislation in

addressing some of the issues that give rise to the pay gap. The Group is therefore of the view that more time needs to elapse before changes to the legislation could be recommended.

3.5 Recommendations

1. The Group recommends that the Equality Authority continue to be resourced to implement its programme of Equality Reviews/ Action Plans;
2. The Group recommends that the Department of Justice, Equality and Law Reform should sponsor research into legislative responses to the issue of unequal pay in other jurisdictions.

4

Childcare

4.1 Introduction

The ESRI Report (2000) states “While high-quality, affordable childcare is often seen as a *sine qua non* for true equality of opportunity, childcare policy...must be geared to facilitating individual choices either to stay in the paid labour market or to take time out to care for children...”

The Report clearly identifies the provision of childcare as a key issue to be addressed in any attempt to reduce the gender pay gap. The reason is obvious: the explained part of the gap is largely caused by time taken out of the labour market by women to take care of children. While some people will choose to take care of their own children regardless of the provision of childcare, others are forced by the non-availability of affordable, quality childcare to do so. For a number of reasons, it is primarily women who do this.

In many ways, policy has developed since the ESRI Report was written. In effect, the debate engaged in by the ESRI in considering demand and supply issues in the delivery of childcare has been determined largely in favour of supply-side measures by the Government. In addition, the Government agreed at the Barcelona Summit to the provision of sufficient childcare places for 90% of children between 3 years of age and the mandatory school age and at least 33% of children under 3 years of age by 2010.

The Group shares the view that childcare provision is a key issue in any proposals to address the gender pay gap. In this Chapter, we outline current policy on childcare provision and make a number of recommendations as to how this can be improved.

4.2 Current Policy

The Department of Justice, Equality and Law Reform is responsible for childcare policy in Ireland. The Department’s Strategy Statement 2003-2005 states that the overall goal of policy is to “improve the quality of childcare provision and increase the availability of childcare places for parents and children throughout Ireland, availing of funding provided through the National Development Plan and to continue to develop and support a well-structured, pro-active and caring childcare sector”. Total funding of €437 million has been allocated to the Equal Opportunities Childcare Programme for this purpose over the period 2000-2006. The Programme forms part of the Regional Operational Programmes of the National Development Plan and includes €170 million EU funding.

In this context, the term “Childcare” refers to day care facilities and services for pre-school children and school going children out of school hours. It includes services offering care, education and socialisation opportunities for children to the benefit of children, parents, employers and the wider community. Services such as naíonraí, day care services, crèches, play groups, childminding and after-school groups are included, but schools (primary, secondary and

special) and residential centres for children are excluded.

As part of an effort to integrate childcare policy development, responsibility for some childcare schemes was transferred to the Department of Justice, Equality and Law Reform from the Departments of Social and Family Affairs and Education & Science. A small amount of funding (some €8.5 million in total) is still being channeled through the Department of Enterprise, Trade and Employment to the County Enterprise Boards and through the Department of the Environment, Heritage and local government to local authorities for the provision of childcare facilities in existing local authority and social housing schemes.

The main objectives of the Equal Opportunities Childcare Programme are:

- To improve the quality of childcare;
- To maintain and increase the number of childcare facilities and places; and
- To introduce a co-ordinated approach to the delivery of childcare services.

The Programme provides grant assistance for capital developments, for staffing support in disadvantaged areas, and for quality improvement. Details of the principal measures funded under the Programme are outlined in Appendix B.

Table 1 below shows actual expenditure for 2000/2001 and 2002 and the projected pattern of expenditure under the Equal Opportunities Childcare Programme from 2003 to 2006. It shows the programme gathering momentum from 2002 to a plateau of €89 million of annual expenditure in 2004/2005.

Table 1 - Expenditure profile under Equal Opportunities Childcare Programme 2000-2006

| | Year | Expenditure (€ million) |
|--------------------------|-----------|----------------------------|
| Actual | 2000/2001 | 36.7 |
| Actual | 2002 | 58.4 |
| Forecast | 2003 | 82.5 |
| Forecast | 2004 | 88.9 |
| Forecast | 2005 | 88.9 |
| Forecast | 2006 | 81.3 |
| TOTAL 2000 - 2006 | | 436.7 |

4.3 Report on Outturn to end-December 2002

The total funding allocated in the period up to December 2002 is €174.9 million, of which over €153.8 million represents grants for childcare service provision in respect of 1,493 applications. This includes capital funding of €81.3 million and grant assistance towards staffing of €72.5 million. An additional €21 million has also been approved under the Quality Improvement Measures of which almost €2.4 million was allocated to local partnerships up to December 2001. It is estimated that the grants to childcare providers and community groups will create 20,463 new childcare places (48% of childcare places receiving support) and will also support

22,303 existing places (52% of childcare places receiving support). Details by Measure are given in Table 2 below.

Table 2 - Approvals supporting the provision of childcare places under the Equal Opportunities Childcare Programme 2000-2006

| Measure | No. of Projects Approved | New Places that will be created on completion of projects | Existing Places Supported | Amount Committed (€ million) |
|---|--------------------------|---|---------------------------|------------------------------|
| Capital - Self Employed/ Private Provider - Total | 500 | 8,448 | 6,074 | 16.313 |
| Capital - Community - Total ²⁷ | 387 | 6,725 | 6,243 | 65.058 |
| Staffing - Community - Total ²⁸ | 606 | 5,290 | 9,986 | 72.508 |
| Total | 1,493 | 20,463 | 22,303 | 153.879 |

The Equal Opportunities Childcare Programme is one of the Measures listed for evaluation by the NDP/CSF Evaluation Unit of the Department of Finance during 2003. The results of the evaluation will form part of the mid-term review of the National Development Plan.

4.4 Structures

In accordance with the recommendations of the Expert Working Group on Childcare Services, the Department of Justice, Equality and Law Reform has put in place a series of structures at national and local levels to bring the key players together to ensure the effective development of childcare.

These structures include:

- The Inter-Departmental and Inter-Agency Synergies Childcare Group;
- The National Co-ordinating Childcare Committee (NCCC);
- Subgroups of the NCCC include:
- The Certifying Bodies Subgroup;
- An Advisory Subgroup;
- Working Group on School Aged Childcare;
- Childminding Subgroup;
- County / City Childcare Committees.

4.5 National Childcare Census and Database

The Department of Justice, Equality and Law Reform availed of EU and Exchequer funding for the development of a National Childcare Census and Database to provide information on child population and childcare services on a county basis as it was recognised that there was an information deficit in this regard. The Department engaged ADM (Area Development

²⁷ Places supported by funding - Capital related projects only including out-of-school hours funding applications.

²⁸ Places supported by funding - Staffing related projects only including out-of-school hours funding applications. These grants are usually paid over a three year period.

Management) Ltd. to manage the day-to-day running of the project on its behalf.

During 2000, the Minister for Justice, Equality and Law Reform launched the County Childcare Census Reports which provide data, on a county-by-county basis, for analysis in relation to the future planning of childcare supports. Executive summaries of the County Childcare Census Reports are available to the public on request.

Work is underway by ADM Ltd., on behalf of the Department on the compilation of the National Childcare Census Report. It is intended that the County Childcare Committees will update the material on a periodic basis.

4.6 School Age Childcare

The Working Group on School Age Childcare, chaired by the Department of Justice, Equality and Law Reform, is preparing proposals for the development of school age childcare services on an all-year-round basis. The Working Group is due to report shortly.

The Department placed an advertisement in the national and local press in February 2002 inviting applications for capital and staffing grant assistance for the development of school age childcare services. The scheme is targeted at community/not-for-profit groups, including parent groups and school managing authorities. 48 applications were received in respect of 32 proposed school age childcare services.

The Department intends to adopt a proactive approach and to engage with school management groups, parent groups and the Department of Education and Science in order to increase interest in the provision of school age childcare.

4.7 Child Benefit

In addition to the Equal Opportunities Childcare Programme, the Government has in recent budgets granted major increases in child benefit payments. Taken together, Budgets 2001 to 2003 have more than doubled payments to €125.60 per month for the first and second child and to €157.30 for all subsequent children. These increases, involving additional expenditure by the Government of €1 billion over a three-year period, are intended to facilitate parents to meet the costs of childcare and to provide them with the option of choosing their preferred form of childcare for their children.

The impact of policy on child benefit, insofar as it impacts on childcare provision, is to treat all parents equally regardless of whether they care for their children themselves or engage childcare services.

4.8 Capital Tax Allowances for Childcare Providers - Budget 1999

The Government introduced capital tax allowances for childcare providers and employers who are involved in the provision of childcare facilities. This measure was enhanced when an accelerated tax allowance was introduced in Budget 2000.

A benefit-in-kind exemption²⁹ is also available when an employer is involved in supplying subsidised or free childcare for their employees.

4.9 Other Initiatives

In addition to the work of the Department of Justice, Equality and Law Reform, childcare

employment grants totalling over €2.275 million have been approved by the County Development Boards to date with the potential to create 450 full-time and 119 part-time jobs. Support is also provided through the Community Employment Scheme which provides part-time work opportunities for the long term unemployed in over 300 childcare projects. The Programme is designed to enhance the chances of the participants in returning to the labour force.

€2.539 million was made available by the Department of Environment, Heritage and local government in 2002 for the provision of childcare facilities associated with local authority housing estates and other social housing projects. A provision of €2.666 million has been made for 2003.

IDA Ireland has recently invited tenders from childcare providers for the purchase of sites in six IDA Business Parks to facilitate the creation of quality childcare facilities in order to increase the supply of childcare places for employees of companies located in the Parks and for employees of other local businesses.

At the request of the Department of Justice, Equality and Law Reform, the CSO included a module on childcare in the fourth quarter 2002 of the Quarterly National Household Survey (QNHS). The results of the survey, released just prior to the submission of this Report, are summarised in Appendix E.

The Civil Service has launched an initiative to provide more childcare places. In the 2001 Budget, the Government allocated €12.7 million capital expenditure to provide for up to 15 Civil Service crèches for the children of people who work in Government Departments. The Office of Public Works is developing a number of proposals for the first round of crèches under this initiative. Two civil service crèches have been established. Work is under way in relation to plans for the establishment of a further 6 crèches. A number of further proposals are being considered for 2004.

4.10 Conclusions

The Group has reviewed current policy and the implementation of the Equal Opportunities Childcare Programme. The Group acknowledges that the Programme has the potential, when fully implemented, to make a significant contribution to addressing the childcare deficit that exists in Ireland. However, in the absence of reliable data, it is difficult to assess the extent to which currently unmet demands will be satisfied by 2006. The Group believes that childcare investment will enable women to remain in employment during their childbearing and childrearing years so that many more women, especially those in low paid jobs, can apply for promotional positions and advance within their organisations.

²⁹ The provision of certain free or subsidised childcare facilities by employers is exempt from a benefit-in-kind charge on employees benefitting from the facilities. The benefit-in-kind exemption applies whether the employer provides the facilities “in-house” or in a premises made available by the employer in another location which suits the employer and employees.

The exemption also applies if an employer provides childcare facilities jointly with others, for example with other employers. In such circumstances, the employer must be wholly or partly responsible for both financing and managing the childcare facility. However, the employer may opt not to be involved in the management of the childcare service. In such circumstances, the benefit-in-kind exemption will be restricted to cases where the employer provides financial support for items of capital expenditure and equipment but not other costs incurred by the employer. This provision was introduced to make the scheme more attractive to the many employers who did not want the job of managing the facility.

4.11 Recommendations

3. The Group recommends that policy is reviewed when the results of the CSO childcare module are available, to ensure that the expenditure planned to 2006 is targeted appropriately. Overall policy should continue to be reviewed to ensure that it meets the stated aims of policy;
4. Employers should consider the extent to which they can assist with the childcare needs of their staff, through the provision of crèche facilities, such as those being provided in the Civil Service and elsewhere, and/or through the provision of subsidies to assist with the cost of childcare.

5

Family-Friendly workplace arrangements

5.1 Introduction

The ESRI Report (2000) attributed three-quarters of the gender pay gap to explained factors such as age, labour market experience or education. The ESRI noted a trend towards increased labour market participation for women during the childbearing and child-rearing years and concluded that further progress would have to be made in this area in order to close the pay gap. The research found 'that for a typical man, the arrival of children has little impact on his labour market participation, but a woman with identical qualifications and experience would typically, under current circumstances, end up with nine years less labour market experience by the age of 47'.

The ESRI research relates to the period up to 1997. The focus of this Chapter is to examine the availability of measures to support the retention in the labour market of women who have childcare or other caring responsibilities which have come on stream since 1997 and to highlight further actions required in this area. The issue of childcare was dealt with in the previous Chapter.

This Chapter is interested in the extent to which the availability of family-friendly workplace arrangements can contribute to a reduction in the gender pay gap. This is not a clear-cut situation. If, for example, the available family-friendly workplace arrangement is restricted to low paid part-time work, this may actually lead to a widening gender pay gap, where these arrangements are availed of primarily by women. Paradoxically, if these women were excluded from the wage statistics because they remain outside of the workforce, they would contribute to a narrowing of the pay gap. This would arise particularly if the alternative is for these women not to work and thereby not be included in the calculation of average hourly wages from which the gender pay gap is derived. Having said that, the Group is of the view that on balance a greater availability of options that suit men and women in combining work and family life and in achieving a satisfactory work/life balance is desirable and is likely to contribute to a reduction in the gender pay gap over time.

This Chapter examines the family-friendly workplace arrangements, both statutory and non-statutory, that are currently available and makes recommendations as to how these can be used to contribute to a lessening of the gender pay gap.

5.2 Family-Friendly Arrangements

5.2.1 Statutory Entitlements to Family-Friendly Arrangements

Chapter 3 contains details of statutory family-friendly entitlements under the Maternity, Parental, Adoptive, Carer's Leave and Part-time Workers Acts.

In 2002, there were 5,443 information queries to the Equality Authority related to the Parental Leave, Maternity Protection and the Adoptive Leave Acts. There were 4,970 such queries in

2001. These queries constitute around half of all information queries to the Authority. However, concern has been raised about the lack of awareness of statutory entitlements in this area. For example, an attitudinal survey carried out in 2001 as part of the review of the Parental Leave Act found that 45% of employees cited the lack of information as the main source of their dissatisfaction with their understanding of the provisions of the Act.³⁰

The Group notes with concern that alleged discrimination, including dismissal, on grounds of pregnancy was the biggest area of the Equality Authority's gender casework in 2001 and continued to be a significant issue in 2002. The Authority's 2001 Annual Report commented that despite over twenty years of protective legislation it was clear that women were still regularly and almost routinely discriminated against and even dismissed on account of being pregnant. The Authority was involved in a number of settlements involving pregnancy. Workers in non-unionised small employments tended to be particularly vulnerable to this form of discrimination. The implementation of the Burden of Proof Directive should be of some assistance to claimants bringing these types of claims. The biggest deterrent however would be sustained high awards in this area by the Labour Court and the Equality Tribunal.

The Authority's 2002 Annual Report noted that during 2002 a quiet revolution occurred in the remedies afforded to dismissed pregnant workers. Women who had been dismissed because of pregnancy and who brought claims to the Labour Court under the legislation were receiving the equivalent of about one year's salary. The Labour Court was sending out a strong unequivocal message that discrimination against pregnant workers would not be tolerated and that employers who discriminate would have to pay substantial financial compensation. This meaningful remedy should serve as a real deterrent to this type of discrimination. The Labour Court issued seven recommendations on pregnancy-related discrimination in cases supported by the Equality Authority and the claimants were successful in six of the recommendations. The Authority was involved in the resolution of seven other pregnancy related issues, which were settled on the hearing day or resolved through correspondence or mediation. Another settlement involved the amendment of a circular by the Department of Education and Science in relation to temporary teachers.

At June 2002, 431 people were receiving Carer's Leave Benefit, 374 of whom were women and 57 of whom were men. A total of 563 individuals had availed of Carer's Leave Benefit up to June 2002. The introduction of the Carer's Leave Act and the Carer's Leave Benefit are significant developments in terms of enabling carers, the majority of whom are women, to retain their presence in the labour market.

The Group notes the disproportionately low take-up of Carer's Leave by men. However, given that the numbers involved are small in the context of the total labour force this is unlikely to have any discernible impact on the gender pay gap. Nevertheless, the Group would encourage measures to increase male take-up of carer's leave as part of a general rebalancing of the care burden between men and women.

The increased availability of part-time work has a positive contribution to make in allowing workers (mainly women) to combine work and family life. However, from the point of view of the gender pay gap, it has the potential to widen the gap, particularly where women who would otherwise remain outside the workforce return to low paid part-time work. Research recently carried out in Ireland found that the gender pay gap of part-time workers is significantly larger

³⁰ Report of the review of the Parental Leave Act 1998, p. 88

than the overall gender pay gap (32.7% versus the overall average of 14.7%³¹). The Group believes that the negative impact of part-time working on the gender pay gap can be lessened by retaining women in the workforce without a break in service, through the provision of job-sharing, work-sharing, term-time and other appropriate arrangements. The position of women returning to part-time work after an absence is dealt with in section 5.4.

A number of cases have arisen under the Employment Equality Act 1977³² concerning issues relating to family-friendly policies. In the main the cases concerned the question of whether an employee who requested a move to job-sharing, part-time work or to more flexible working hours, in order to help in reconciling work and family commitments, could argue that an employer's refusal amounted to indirect discrimination on grounds of sex or marital status. The relevant cases are as follows:

Weir V St Patrick's Hospital
Burke V National University of Ireland, Galway
Walsh V Tesco
Black V Tesco

The common thread emerging from the caselaw is that an employee has no absolute right to flexible working arrangements but the failure to provide such flexibility must be objectively justified. Where an employer is unable to provide such justification, an allegation of indirect discrimination on grounds of sex would be likely to be upheld. It should be noted that all the cases to date have been taken by women and in organisations where flexible arrangements of one form or another were available.

5.2.2 Non-Statutory Family-Friendly Workplace Arrangements

There are a wide range of non-statutory family-friendly workplace arrangements that facilitate the combining of work and family responsibilities. These include flexi-time, work-sharing, term-time, part-time and career breaks.

Statistics from the Department of Finance suggest that around 10% of civil servants avail of work-sharing of whom some 95% are women. The Group notes the successful introduction of the term-time scheme in the Civil Service. Under the scheme, parents of children under 16 years of age may take either 10 or 13 weeks' leave during the summer months to care for their children. While this leave is unpaid, staff may spread their annual salary over the full twelve months. In the case of someone availing of the full 13 weeks, they can choose to receive 75% of their salary spread evenly throughout the year. The Group notes that term-time, at least initially, has been taken up primarily by women.

Research published by the Equality Authority³³ showed that 53% of companies in the small and medium enterprise sector operate one or more family-friendly work arrangements, however the numbers availing of these arrangements are small.

This research has been supplemented by further research carried out for the National Framework Committee for Family-Friendly Policies³⁴. These findings further strengthen previous research in

³¹ Impact Evaluation of the European Employment Strategy in Ireland, ESRI, 2000.

³² These cases were referred for investigation prior to the 1998 Employment Equality Act became operational.

³³ Investing in People – Family-Friendly Work Arrangements in small and medium sized enterprises, Hugh Fisher, The Equality Authority, 2000.

³⁴ Off the Treadmill: Achieving Work/Life Balance, E Drew, Trinity College, P Humphreys, IPA, C Murphy, Goodbody Economic Consultants, Dublin, 2002.

showing the small percentage of companies offering flexible working arrangements to a significant number of their staff. Typically, these arrangements are significantly more widely available in the public sector than the private sector; for example three-quarters of all public sector service organisations surveyed have flexitime³⁵ as an option available to some staff, as opposed to less than half of private sector organisations.

5.3 National Framework Committee for the Development of Family-Friendly Policies at the Level of the Enterprise

The National Framework Committee for the development of Family-Friendly Policies (NFC) was established under the Programme for Prosperity and Fairness (PPF). It is chaired by the Department of Enterprise, Trade and Employment and includes representatives of IBEC, ICTU, a number of Government Departments and the Equality Authority. The Committee has delivered on its initiatives through IBEC, ICTU and the Equality Authority. It aims to support and facilitate the development of family-friendly policies in the workplace. The Committee is to continue under the new partnership agreement, Sustaining Progress (SP), as the National Framework Committee for Work/Life Balance Policies.

The PPF placed the need for family-friendly arrangements firmly in the context of:

- a tightening labour market and the importance of maximising labour supply;
- equality of opportunity between men and women in the workplace, and
- the desirability of developing policies to assist parents in reconciling work and family life.

It went on to say that the focus of this activity would be to support and guide the voluntary development and implementation of family-friendly policies at the level of the enterprise.

The National Framework Committee has undertaken the following initiatives in order to raise awareness and support the development of family-friendly working arrangements:

- Organised family-friendly workplace day on 1 March 2001, 1 March 2002 and 28 February 2003 and launched an information brochure and interactive web site at www.familyfriendly.ie. The Committee also publishes a quarterly newsletter, 'Family-Friendly News'. It held a series of regional seminars for employers, employees and trade unions in Dundalk, Galway, Cork and Waterford, and also held a national seminar for policy makers, including a presentation on the experience of work/life balance policies in the UK.
- The Committee commissioned a research project to benchmark types of family-friendly policies in organisations, the level of availability and uptake of family-friendly working arrangements in Irish workplaces, attitudes to family-friendly working arrangements among employers, employees and work colleagues, and to identify the existing research available in this area. The findings of the research will provide a baseline by which changes in uptake and availability of family friendly working arrangements can be measured into the future.³⁶
- The Committee is funding a limited consultancy service to organisations interested in developing family-friendly arrangements and provides direct financial assistance to

³⁵ Flexitime was found to be the most common form of flexible working time arrangement availed of by staff.

³⁶ Drew, E., Trinity College, P. Humphreys, IPA, C. Murphy, Goodbody Economic Consultants (2002), *Off the Treadmill: Achieving Work/Life Balance*, Industrial Statistics Unit, Trinity College Dublin, 2002.

nine projects which will act as models of best practice.

- Both IBEC and ICTU are receiving financial support to develop strategies on family-friendly policies for managers and trade union representatives respectively. To date the focus has been on information and training activities. IBEC has also published information reports on family-friendly/work/life balance policies and is conducting exit surveys. ICTU has developed a toolkit for trade union negotiators.
- The Committee is preparing a non-statutory Code of Practice on Parental leave and Force Majeure leave.

The Group notes that the NFC is also required to 'identify any potential barriers and impediments to the provision of family-friendly policies that meet the needs of working parents and identify possible solutions to such difficulties' and looks forward to the development and implementation of these solutions.

The Group also notes that the NFC is funding a project on eWorking. While eWorking is not a substitute for proper family-friendly workplace arrangements, it has the potential to facilitate a better work/life balance and as such, has a role to play in this area.

The Group notes the commitment in Sustaining Progress³⁷ in relation to sustaining the work of the National Framework Committee for Work/Life Balance Policies and the continued resourcing of this work.

5.4 Women Returners

The ESRI published research on women returners in 2002 - "Getting out of the House - women returning to employment, education and training"³⁸. It is clear that the return to work category continues to be a sizeable grouping in the labour market and an important source of labour supply. However, this grouping has distinct labour market needs which are often not addressed by service providers who are required to respond more to the needs of people who are registered unemployed. Trends identified in the ESRI research suggest that women returners are entering low-paid employment in larger numbers than before because of low educational levels and their preference for flexible working conditions. As a consequence, it is likely that the entry of significant numbers of women returning to work after a long absence on home duties will widen the gender pay gap. The Group believes that the recommendations contained in the Report deserve the active consideration of all those delivering services to women returning to employment, education and training. The provision of these services should, among other things, be geared towards minimising the time out of the labour market for women returners. Two FÁS schemes, being funded under the Equality for Women Measure, "Gateway for Women"³⁹, offer an ideal re-integration option for such women through personalised supports and access to mainstream training if required.

5.5 Conclusions

The Group considers that as a broad principle, the achievement of gender equality requires a rebalancing of the traditional roles of women and men in relation to child rearing. There is a

³⁷ Paragraph 12.5.

³⁸ This research was funded by the Department of Justice, Equality and Law Reform under the Equality for Women Measure.

³⁹ See appendix D for further explanation of this project.

well-developed statutory framework supporting family-friendly arrangements in Ireland, in to which further improvements are planned. While improvements to the maternity leave provisions are to be welcomed, in the absence of well-developed provisions for fathers, they may have the effect of reinforcing the primary role of women in child-rearing. In this regard, the Group notes the majority recommendation⁴⁰ in the Review of the Parental Leave Act that there should be an entitlement to three days' paid paternity leave available to fathers in respect of each child. It also notes that the MORI MRC research as published in the Parental Leave Report indicated that the majority of those taking parental leave were women, accounting for 84% of parental leave taken overall.

It is important that flexible work arrangements are available in both the public and private sectors and are availed of by both men and women. Where possible, the schemes in the public sector should provide a good basis for the development of initiatives developed elsewhere in the economy. Lack of progress on these fronts will lead to higher levels of both horizontal and vertical sex segregation with adverse consequences for the gender pay gap.

The work of the National Framework Committee for the Development of Family-Friendly Policies at the Level of the Enterprise has been reaffirmed in Sustaining Progress and this work will be supported under a new committee, the National Framework Committee for Work/Life Balance Policies. In view of the importance of family-friendly policies in addressing the gender pay gap, support for the development of family-friendly policies should continue to form part of the work of the new Framework Committee.

The Group notes that complaints regarding access to flexible working arrangements have been adjudicated on under the Employment Equality Act 1998. The Group notes the contribution legislation can make to clarifying rights and responsibilities in this area.

5.6 Recommendations

5. The Group recommends that relevant bodies publicise the maternity, parental and adoptive leave entitlements of employees;
6. In relation to the implementation of the recommendations arising from the review of the Parental Leave Act, the Department of Justice, Equality and Law Reform should take into account in its deliberations the impact of changes to the Act on the gender pay gap and in particular, male take-up of parental leave;
7. The Group recommends continued resourcing of the National Framework Committee for Work/Life Balance Policies, and that the Committee has regard to family-friendly working arrangements as part of its remit in the area of work/life balance. The Group notes the importance of developing a long-term support infrastructure for enterprises developing family-friendly working arrangements;
8. The Group recommends that the two pilot FÁS projects, "Gateway for Women", are mainstreamed and developed into a national programme for women returning to the workforce.

⁴⁰ Seven members of the Working Group on the Review of the Parental Leave Act 1998 (ICTU, National Women's Council of Ireland, Equality Authority, Department of Justice, Equality and Law Reform, Department of Finance, Department of Social, Community & Family Affairs) supported the recommendation. The other two members (IBEC and ICOS) could not agree to the recommendation.

6

Occupational Segregation

6.1 Introduction

“How Unequal?”⁴¹ considered the contribution of both horizontal and vertical segregation to the gender pay gap. It concluded, on the basis of the somewhat limited evidence available, that the greater contribution to the gap is made by segregation within rather than between occupations, i.e. vertical rather than horizontal segregation.

Horizontal segregation refers to the concentration of men and women in certain jobs, for example, women in nursing, men in the policeforce. Many areas where women predominate are paid less than those areas where men predominate. For example, there is a high concentration of women in clerical and sales/service occupational categories, which have below average pay levels.⁴² In essence, a lesser value is placed on what could loosely be termed “women’s work”. While the ESRI Report points to the fact that the Irish labour market “continues to be highly segregated by sex”, it concludes that the concentration of women in three occupations - clerical workers, professional and technical workers, and service workers, “did not contribute to an explanation of the overall wage gap.”

It should be said that this conclusion is qualified by the fact that the occupational classifications used are broad, and the availability of data on narrower classifications may have produced different conclusions. Although some progress has been made between 1991 and 2001 in reducing sex segregation of occupations in Ireland, much remains to be done in integrating occupations, as a very unequal situation persists⁴³. Data from 2000 found that the gap within occupational categories was wider than the overall wage gap in most categories, which implies that the differences within groupings are at least as important as differences across groupings in determining the overall wage gap.

Vertical segregation refers to the concentration of women in the lower levels of the occupational hierarchy. This “glass ceiling” or “sticky floor” is “linked very directly to the gender pay gap”, according to the ESRI Report. It goes on to point out that there is considerable evidence that women tend to cluster at lower levels of the occupational hierarchy. For example, just 9% of Secretaries General in the Civil Service and 3% of Chief Executive Officers in the Private Sector are women.

In this Chapter we consider two recently completed Irish studies on occupational segregation, one on the Civil Service and the other on Women in Management in the Private Sector. We look at some international experiences and consider the strategies suggested in the ESRI Report to address both vertical and horizontal segregation.

⁴¹ How Unequal? – Men and Women in the Irish Labour Market, ESRI, 2000.

⁴² There are 9% male and 25% female clerical workers, where the wages are 22% below the average hourly wage (€9.47); 9% of males versus 23% of females work in sales/service occupation, where the wages are 40% below the average hourly wage (€ 7.24).

⁴³ Impact Evaluation of the Employment Strategy in Ireland, ESRI, 2002.

The recommendations in this Chapter are for the most part general rather than specific. This is largely because many of the suggested solutions to occupational segregation are dealt with in other Chapters. The Group is of the view, however, that the issue merits consideration in its own right.

6.2 Research

6.2.1 The Civil Service

Equality of Opportunity was identified as a central concern in developing human resources policies in the Civil Service in “Delivering Better Government”, the blueprint for the Strategic Management Initiative (SMI). The Equality Committee of the Human Resource Management Implementation Group established under the SMI commissioned a research study on Gender Equality in the Civil Service, (Humphreys, Drew and Murphy, 1999).⁴⁴

As part of the research, civil servants were asked what improvements should be made in relation to the implementation of an equal opportunities policy. The main areas identified for improvement were: promotion - 30% (27% of men; 34% of women) and greater enforcement and monitoring of equal opportunities policies - 19% (18% men; 21% women). Interestingly, 22% of men felt that there was “no need to improve”, while only 5% of women felt the same way. Improved childcare was identified as the key issue by only 4% (5% of men and 3% of women). The Report found that over the ten year period 1987 to 1997, the proportion of women in the Assistant Principal grade, the base grade for entry into senior management, had increased by only 1% from 23% to 24%. The Report makes a number of recommendations on strategy, goals/targets, affirmative actions in the areas of recruitment, placement and mobility, training and staff development, promotion, work and family, language and sexual harassment, and policy delivery.

The Report was followed by the adoption of a Civil Service Gender Equality Policy in 2001 and a guidance document on implementing the policy entitled “Making Gender Equality Happen”. The new policy included an objective of reaching a target of having one-third of posts at Assistant Principal level filled by women by 2005. Departments are required to support these objectives through a range of initiatives delivered through the main human resources policy areas. Monitoring data shows that in the period June 2000 to March 2002 the percentage of women Assistant Principals increased from 26.5% to 30.7% across the whole Civil Service. The Equality Unit of the Department of Finance, which collates these figures, cautions against a simplistic assessment of these results. The Unit notes that in addition to the use of a targeting approach, there were a number of other factors contributing to this overall result, including increased awareness of gender equality issues under the Strategic Management Initiative and an expansion of Civil Service posts, combined with high staff turnover. Notwithstanding these qualifications, the improved gender share of this management grade is impressive in such a short period, indicating that the adoption of a highly visible policy supported by specific targets has a role to play in achieving gender equality in employment.

6.2.2 Women in Management - IBEC Report

IBEC published its Report on women in management in March 2002⁴⁵. In it, it suggests actions that organisations can take to promote the recruitment and retention of women. Specific actions are listed under the following headings: recruitment and promotion measures, positive action measures, equal opportunities measures, diversity management, training measures, reconciling family and work responsibilities, career tracking and mentoring.

⁴⁴ Gender Equality in the Civil Service, Humphreys, P.C., E. Drew and C. Murphy, The Institute of Public Administration, Dublin, 1999.

⁴⁵ Women in Management, IBEC, March 2002.

6.3 Developments in Education and Training

Education and training can play an important role in addressing vertical and horizontal segregation. In terms of vertical segregation, it can influence the expectations of students so that both boys and girls have similar expectations of career progression and are equipped with the necessary skills to achieve this. On horizontal segregation, students and trainees can be encouraged to consider careers that would have been traditionally seen as being for either men or women.

The main State providers of education and training are: the Department of Education and Science and its agents, FÁS, CERT, Teagasc and Bord Iascaigh Mhara. Much of the State's activity in this area is included in the Employment and Human Resources Development Operational Programme 2000-6. Funding of €14.2 billion has been provided to this Operational Programme, including €0.9 billion from the European Social Fund. The implementation of measures is examined twice a year under a Monitoring Committee which is chaired by the Department of Enterprise, Trade and Employment. The achievement of equal opportunities between men and women is one of the six overall objectives of the Programme. Gender disaggregated indicators have been developed for the Measures within this Operational Programme. Two new Units are supporting the delivery of this objective: the NDP Gender Equality Unit of the Department of Justice, Equality and Law Reform and the Equality Unit of the Department of Education and Science. Both Units have provided training for relevant officials and offer advice on gender aspects of measure implementation.

A considerable amount of expertise on gender equality exists within the State providers of education and training, and national policy in this area now involves a mainstream approach where providers attempt to meet needs of clients or groups of clients, including women, and monitor their participation on mainstream programmes. This approach accords with best international practice and often includes the use of positive action, such as the intervention project by the Department of Education and Science in Physics and Chemistry aimed at increasing the number of girls studying these subjects.

The need to implement education and training policy within a framework of lifelong learning has been examined recently. The Report of the Taskforce on Lifelong Learning which was published in October 2002 contains recommendations to facilitate a lifelong or 'cradle to grave' approach to learning. The Report recognises that gender issues impact on one's ability to avail of learning opportunities, particularly for those with caring responsibilities. While the Report does not make any gender specific recommendations, it recommends the provision of more flexible education and training including greater modularisation, echoing the findings of the NOW Opportunities for Women Programme 1994-9. Work on implementing the recommendations of the Task Force will be progressed as a strategic priority under Sustaining Progress.

Results from the Junior and Leaving Certificate Examinations show girls doing better on average than boys, and greater numbers of girls taking honours science and mathematics than previously. The Group notes that no similar prominence is given to third level outcomes. Research by the ESRI on pay levels of graduates shows women earning lower rates than men, including those with equivalent qualifications. While it is not possible to draw definitive conclusions from the data, the First Destinations of Award Recipients in Higher Education (2001) Report from the Higher Education Authority⁴⁶ would suggest that women are earning less than

⁴⁶ An annual report on the initial employment, further study and training patterns of certificants, diplomates and graduates.

men in their first jobs after graduation. For example, 32% of male graduates were earning less than €21,000 whereas the corresponding figure for females was 44%. The gap is of particular significance as this is a group of people with similar educational attainment and age and which largely does not have family responsibilities.

The Equal Opportunities Commission (EOC) in the UK recently launched a campaign “15% off: Why are women workers still going cheap?” on the issue of the gender pay gap for graduates. According to a study carried out for the EOC as part of this campaign, the annual salary of male graduates aged 20-24 is 15% higher than the annual salary of female graduates in the same age group. Awareness of the existence of this gap was also discovered to be low among students. The aim of the campaign is to:

- inform students of the reality of the pay gap, in order to put graduates in a stronger position when deciding on their future employer and salary, and
- encourage graduates to ask employers whether they provide equal pay.

6.4 Positive Actions

The Department of Justice, Equality and Law Reform has developed an Equality for Women Measure which is being funded under the National Development Plan, 2000-2006. Total planned investment over the period of the NDP is €35 million, with approximately €3 million being provided by the EU under the European Social Fund.

The Measure is designed to improve the economic, social, cultural and political lives of women. While not all of the Measure is directed at improving the position of women in employment, a number of specific strands of the Measure are so directed. One strand funds projects aimed at increasing the number of women in decision-making, while another is supporting projects dealing with women's access to education and training. A third strand funds the Equality Proofing of Personnel Policies, while a fourth funds the development of family-friendly policies (essentially the work of the National Framework Committee for Work/Life Balance Policies). The intention, particularly in the case of the individual projects dealing with women in decision-making and education and training, is that the learning from these projects will be mainstreamed in the policy domain. The current group of projects will complete their work during 2004.

The Department of Education and Science provides funding for the Education Equality Initiative (EEI) for people who suffered disadvantage in education. This initiative will also generate useful learning which will inform mainstream provision.

The EU 5th Action Programme on Gender Equality provides financial assistance for transnational projects aimed at a particular theme each year. Ireland has led a project on equal pay and is currently leading another on family-friendly policies. The theme for 2003 is women in decision-making and the theme for 2004 is stereotyping. The Programme offers opportunities for government and social partner-led projects.

6.5 Conclusions

The Group has reviewed research developments in the area of occupational segregation. Based on this review and taking account also of international developments, the Group believes that there are two distinct aspects to vertical segregation. On the one hand, segregation occurs within the workplace and there are clear measures that employers should take to ensure that women can achieve their full potential. On the other hand, how issues such as education are handled has a direct impact on how women see themselves, how men see them, and the careers they ultimately choose. Action is therefore needed on a number of fronts to address occupational segregation. The Group's recommendations reflect this.

6.6 Recommendations

9. In relation to segregation occurring within the workplace, the Group recommends that public and private sector employers review the current situation in their organisations, with particular regard to recruitment and promotion within an anti-discrimination framework, and set strategic objectives for the achievement of gender equality. These objectives should be accompanied by clear time-based targets;
10. The Department of Education and Science should continue to develop initiatives to eliminate sex-role stereotyping in education at all levels. In addition, efforts need to be made to raise awareness of educational choices and the implications for careers of the choices made by students;
11. Other education and training providers should develop in-house expertise on gender equality, and continue to monitor the male/female participation rates in courses;
12. The Group believes that there is insufficient awareness of the existence of and reasons for a pay gap among the population at large. It has reviewed experience elsewhere, in particular in the UK, and believes that a public awareness campaign highlighting the problem could contribute to the recognition of the gap as an issue, and thereby assist a narrowing of the gap. Additionally, relevant bodies should run a campaign to increase awareness amongst students of the existence of the gender pay gap;
13. The Group recommends that the Department of Justice, Equality and Law Reform should consider the case for research to be undertaken in relation to the graduate gender pay gap in Ireland.

7

Wages and Collective Bargaining

7.1 National Minimum Wage

The ESRI Report identifies the introduction of the National Minimum Wage (NMW) as “another policy which may reduce both wage dispersion and the gender wage gap...” This was written before the NMW was introduced in April 2000. Since its introduction, the NMW has been uprated on two occasions and Sustaining Progress recommends a further increase to €7 with effect from 1 February 2004.

The NMW has a role to play in narrowing wage differentials because women tend to occupy a greater proportion of those jobs that pay the NMW. The ESRI estimated that on its introduction the NMW would contribute to increasing the female-to-male wage ratio by less than 1%.

The ESRI has carried out two surveys on the impact of the NMW, one before its introduction and one in late 2000/early 2001. The key finding from these studies was that the percentage of the labour force on the NMW had decreased from 21% in 1999 to 4.3% in 2001. There were also clear gender differences, with the percentage of males falling from 15% to 2.7% and the percentage of females falling from 30.5% to 7.3%. While the percentage of both males and females on the NMW has fallen since its introduction, the male rate has fallen to a greater extent. One reason for this may be that women are more likely to work part-time than men. The ESRI found that while 4.3% of the labour force were on the NMW in 2001, 40% of these were women who work part-time. Women accounted for 64% of those on the NMW.

The dramatic fall in the percentage of workers on the NMW that occurred between 1999 and 2001 reflects the very tight labour market that existed, particularly in 2000, which pushed up pay rates. The ESRI Report states that “particular attention must be given in the future as to how the national minimum wage is to be uprated”. The Report quotes Almond and Rubery (1998)⁴⁷ warning that “if government keep the level of the minimum wage low....the outcome is likely to be more gender inequality rather than less.” It is self-evident that if the rate is not adjusted regularly, it will impact on fewer people and have a continuously reducing impact on gender pay gaps. However, the NMW has been uprated twice since its introduction and currently stands at €6.35 per hour. Sustaining Progress recommends a further increase to €7 from 1 February 2004.

The ESRI Report quotes Almond and Rubery (1998) as arguing that because of the gender distribution of wages, minimum wage levels should be gender-audited. This is consistent with the policy proposed by the Commission on the Status of Women in 1994.

⁴⁷ Almond, P. and J. Rubery (1998), The Gender Impact of Recent European Trends in Wage Determination, Work, Employment and Society, Vol. 12, No 4.

7.2 National Wage Agreements

In Chapter 2 we dealt with how the various national agreements have focused on the gender pay gap. However, as well as agreeing initiatives in relation to policy on the gap, at the core of the agreements is pay determination. It is possible to structure pay increases in ways that have greater or lesser impacts on the gender pay gap. For example, given that women are disproportionately represented among the low paid, flat rate increases above the percentage level agreed for the generality of workers would impact on the pay of women to a greater extent and would contribute, all things being equal, to a narrowing of the gender pay gap. Looking at the various agreements, this was a feature of a number of them. For example, the PPF provided general round increases of 5.5% for the first and second twelve months and 4% for the final nine months of the agreement subject to minimum increases of £12, £11 and £9 respectively per week. This meant that anyone earning less than £218 per week at the start of the agreement got an increase of more than 5.5% in the first phase (for someone earning £200, the first year increase was 6%). By the time the third phase was paid, the person earning £200 at the start would have got a total increase of 16.33%, as against 15.75% if the floor did not exist. For someone on the NMW as set in 1999, the increase was of the order of 19.5%, ignoring subsequent increases in the NMW.

Turning to the new partnership agreement, the uprating of the NMW to €7 from 1 February 2004 means that anyone on the NMW at 1 January 2003 will get an increase of just over 10% by February 2004, as against a general round increase of a little over 7%. As women comprise a greater proportion of those on the NMW, the general approach is positive regarding the gender pay gap. However, the impact of the approach depends on the overall percentage of the labour force earning the NMW.

7.3 Taxation

The generally accepted approach to the issue of the gender pay gap is to deal with average gross hourly earnings. There are many reasons for this, the most important being that it is considerably easier to make like for like comparison using gross wages. That being said, for most people the key measure of their earnings is the net pay they receive at the end of the week, fortnight or month. It is therefore worth signalling that taxation policy has a role to play in narrowing after-tax wage differentials. It is worth briefly recounting the major developments in the reform of the income tax system in recent years. Rapid progress has been made in reducing marginal and average tax rates. Both the standard rate and the top rate have been reduced by 6 percentage points each since 1997. They currently stand at 20% and 42%, respectively. These changes are designed to reduce marginal tax rates and improve the incentive to work. The average tax rate⁴⁸ has been reduced at all income levels. For example, a single person on the average industrial wage as it is likely to emerge for 2002⁴⁹ has an average tax rate of 16.7% compared to almost 28% in 1997.

The reductions in the rates of tax have been accompanied by major reform of the income tax code which began with the introduction of standard rating of the basic personal allowances and the PAYE Allowance in Budget 1999. This was the first step in the move to a Tax Credit System which was completed in 2001. Standard rating and the move to tax credits has equalised the value of personal allowances for all tax payers regardless of their level of income, thereby increasing the equity of the system. As part of the process, many of the other allowances such

⁴⁸ Aggregate value of income tax, PRSI and levies as a proportion of gross income.

⁴⁹ The estimated average industrial wage for 2002 is €26,300.

as the Blind Persons Allowance, the Widowed Persons Allowance and the Age Allowance were doubled. This ensured that the existing value of the allowances were maintained for higher rate taxpayers while the standard rate taxpayers received additional relief.

Over the last number of years the aggregate value of the main personal credits (i.e. the personal credit and the employee credit) has increased significantly. In 2000, when the statutory minimum wage was introduced, less than 64% of the minimum wage annualised was exempt from taxation. In 2003, as a result of increases in the personal credit rate, 90% of the minimum wage is exempt from tax even though the minimum wage has increased twice since 2000 and now stands at €6.35 per hour.

Given that women earn less than men on average and the progressive nature of the tax system, the after-tax gender pay gap is likely to be smaller than one calculated on the basis of gross wages. The examples in Table 3 below illustrate the point. This compares the effect of the taxation system on different sample levels of male wages in comparison to female wages. The female wage levels are calculated as 85% of the male levels, based on the existing wage differential. As can be seen from the table, the net income gains are higher, at each salary level, for the female wage than for the corresponding higher male wage. This is particularly true for lower income ranges (i.e. incomes below the average industrial wage). It is therefore the case that taxation changes that are focused on improving the position of the low paid, particularly through increases in tax credits, are likely to benefit women to a greater extent than men and improve the relative after-tax position of women. Government policy which combines increases in the NMW with the parallel aim of removing it from the tax net, is likely to disproportionately improve the position of women. Having said this, it is important to point out that the effect is the same whether it is a woman or man who is earning the lesser amount so that it would be incorrect to attribute any explicit gender balancing role to the tax system.

Table 3 - Comparison of gross income samples with their income net of income tax following Budget 2003. ^{50 51 52}

| | Gross Income | 85% of Gross Income |
|---------------------------|-------------------------|--------------------------------|
| | €60,000 | €51,000 |
| Net Income | €43,280 | €38,060 |
| Net as % of Gross | 72% | 75% |
| Avg. Tax Rate | 28% | 25% |
| Before Tax Pay Gap | | 15.0% |
| After Tax Pay Gap | | 12.1% |
| | €26,300 | €22,355 |
| Net Income | €23,360 | €20,204 |
| Net as % of Gross | 89% | 90% |
| Avg. Tax Rate | 11% | 10% |
| Before Tax Pay Gap | | 15.0% |
| After Tax Pay Gap | | 13.5% |
| | €15,000 | €12,750 |
| Net Income | €14,320 | €12,520 |
| Net as % of Gross | 95% | 98% |
| Avg. Tax Rate | 5% | 2% |
| Before Tax Pay Gap | | 15.0% |
| After Tax Pay Gap | | 12.6% |
| | €13,000 | €11,050 |
| Net Income | €12,720 | €11,050 |
| Net as % of Gross | 98% | 100% |
| Avg. Tax Rate | 2% | 0% |
| Before Tax Pay Gap | | 15.0% |
| After Tax Pay Gap | | 13.1% |

The Government's policy of progressively widening the standard rate band and putting it on a per person basis has had an effect which can also be said to be of greater benefit to women. In married one-earner couples, generally speaking the stay-at-home spouse is a woman. Where such spouses return to the workforce they are not faced with paying tax at the higher rate, usually from the first euro of earnings, as had been the case prior to the policy being put in place. Again however, the effect would apply whether the person returning to work is a man or a woman.

⁵⁰ These examples refer to the effect of income tax only and the effect of PRSI and the health levy is excluded.

⁵¹ The €26,300 level is the estimated average industrial wage for 2002.

⁵² The 85% figure refers to the existing male/female wage differential, i.e. female wage levels are 85% of male wage levels.

Budget 2003 removed 37,400 income earners on lower income from the tax net bringing the total outside the net to 681,030 - representing 36.12% of all income earners. This compares with a figure of 380,000 (25% of income earners) before the 1998 Budget.

It is clear that the tax changes introduced since 1998 have significantly reduced the impact of taxation on all earners. It is also the case that policies aimed at removing low paid workers from the tax net and widening the standard rate band are more likely to have a positive impact on female net earnings.

7.4 Pensions

The ESRI carried out a special analysis⁵³ that revealed “that men were more likely than women to have jobs that included a range of benefits. The most valuable of these is likely to be a pension.” When this is taken into account, the gender pay gap is 1-2% greater than when only cash earnings are considered. Again, this issue is related largely to the positions occupied by women. Low paid jobs are less likely to carry pension entitlements than more highly paid positions. Similarly these jobs are less likely to attract fringe benefits than more highly paid jobs. Figures from the CSO reveal that males fare far better in terms of pension cover than females, with a 55.4% coverage rate compared to 44.2% for females⁵⁴.

7.5 Recommendations

14. Social partners should take account of the gender impact of pay agreements. For so long as women continue to earn less than men on average, the inclusion of flat rate increases should be considered;
15. The National Minimum Wage should be reviewed regularly and updated, as appropriate, in consultation with social partners. If it is to impact on the gender pay gap, the NMW must be set at a level where it will actually impact on the wages of significant numbers of low paid workers;
16. The Government should continue to focus tax changes on removing low paid workers from the tax net and widening the standard rate band, as progress in this direction is likely to have the greatest impact on female net earnings. However, the Group does not believe that changes in the tax system can be a substitute for addressing the fundamental issue of women earning less than men.

⁵³ How Unequal?, ESRI, 2000.

⁵⁴ CSO Quarterly Results, Jan-March 2002.

8.1 Introduction

In its Report ("How Unequal?") the ESRI states that "In Ireland, regular statistics on a full, economy wide basis for male and female earnings are simply not available". The ESRI's research is based on an analysis of the "Living in Ireland Survey", which has since been discontinued. In this Chapter, the Group identifies the data required in order to provide relevant measures of male and female earnings and how this data could be gathered.

8.2 Type of data required

As outlined in Chapter 1, there is a clear need for monitoring of the gender pay gap. The question therefore arises as to the nature of the statistical information required and the frequency with which it is required. It is also apparent that, given the complexity of the factors giving rise to the existence of the gap, simply knowing what the gap is at regular intervals will not be sufficient. For reasons outlined below, the size of the gap at any given point in time may not in itself be a good indicator of whether progress is being achieved. Information that allows the isolation of the underlying causes of the gap is essential if this assessment is to be made. Also, the available information must facilitate assessment of the effects of any initiatives already taken – as well as providing a basis to assess the likely impact of further initiatives and the likely time lags involved before progress would be discernable.

The narrowing of the pay gap cannot be seen in isolation from other objectives. Similarly, information needed to monitor the gap cannot be seen in isolation from statistical requirements to evaluate other objectives – be they equality issues or issues of a wider societal nature. It would be tempting to evaluate progress on the gender pay gap simply by focusing on outcomes for those in paid employment. While it is essential to focus on these outcomes, it is also essential to bear in mind that those in employment constitute a self-selecting group. There will always be others, either unemployed or outside the labour force, who would be part of that group if certain conditions were to change (the reverse of course, is also true). It is therefore vital to consider the effect of policy initiatives on the composition of this group and hence on issues around the gender pay gap. While this point may seem obvious and already embedded in policy formulation, it may not be so obvious or embedded that the statistical information available must be just as comprehensive in its breadth and coverage as the policy environment it supports.

It is the norm, when considering the gender pay gap, to describe it in terms of differences in the average hourly earnings of males and females. However, it is also important to have reliable information on the distribution of hourly earnings of males and females. A relatively small increase in the number of highly paid females, or a relatively small decrease in the number of low paid females could lead to a measurable decrease in the measured gap in average hourly earnings. A similar effect would be noticed if the opposite happened in the case of males. It is conceivable that any of these scenarios could occur in the absence of any change in the

situation of most males and females (either in or outside of employment). Thus, conclusions based solely on difference of averages, while superficially being seen as progressive, might mask the fact that in terms of equality of opportunity, no progress may have taken place. Thus, it is a requirement that on an annual basis, information on individual earnings along with data both on the individual characteristics and the job characteristics is available for a representative sample of all those in employment. The size and other characteristics of this sample are addressed later in this Chapter.

8.3 Data Sources

Until now, estimation of the level of the gender pay gap as well as detailed analysis of the underlying factors giving rise to it have been based on household surveys carried out by the ESRI. The data sources for the Report “How Unequal?” were the 1994 and 1997 “Living in Ireland Survey”, a survey consisting of about 4,000 respondent households. The 1997 and subsequent surveys have been under the umbrella of the European Community Household Panel (ECHP) survey, which was an annual survey. The ECHP is shortly to be replaced by an EU SILC (Statistics on Income and Living Conditions) survey, the fieldwork for which is to be conducted by the Central Statistics Office (CSO). The QNHS involves surveying approximately 3,000 households each week; the principal objective is the provision of comprehensive and timely information on the labour force. The survey also enables the inclusion of modules reporting on special social topics, for example a module on childcare was included in the fourth quarter 2002 QNHS.

While surveys such as the above have desirable characteristics (such as the panel nature, and the presence of background demographic and household variables) there are obvious drawbacks. It is widely acknowledged that the sample size is not sufficiently large for detailed analysis of the gender pay gap – disaggregating a sample of such size into meaningful occupational or sectoral groupings often leads to the sample disappearing to the extent that reliable conclusions cannot be drawn.

The CSO produces average earnings estimates for many sectors on a quarterly basis. These estimates are based on business surveys. However, for the vast majority of those business surveys, average earnings are not disaggregated by gender. The Group understands that the CSO has plans to consolidate these surveys into an economy wide quarterly “Earnings, Hours and Employment Costs Survey”. It would be technically feasible to design this new survey to provide gender disaggregated average earnings estimates. However, for reasons outlined earlier in this Chapter, the Group does not consider that this would be the best solution.

The ESRI Report highlights the need for data gathering at national, sectoral and firm level. Having considered a number of options, the Group has concluded that data requirements in relation to the gender pay gap can best be met through a combination of a revamped Structure of Earnings Survey (SES); the Quarterly National Household Survey (QNHS); and EU-SILC.

8.4 Structure of Earnings Survey/National Employment Survey

Under EU regulation, there is a requirement to conduct a Structure of Earnings Survey (SES) at least every four years. (Many European countries conduct such a survey annually.) The last SES was conducted in Ireland for the year 1996 (the previous one was done in 1979). Essentially, data was collected via postal survey at two levels:

- at firm level, variables include information on sector, ownership type and collective bargaining arrangements;
- at employee level, variables include gender, pay, hours, occupation, education, length of service (within the firm), full/part-time status, type of employment contract.

A serious drawback of the SES was that all of the information was collected from the employer. This restricted the amount of individual employee level information that could be collected. Some of the useful explanatory information relating to an individual employee simply would not be known to an employer.

The Group has noted that the CSO, in response to domestic demands for more and better structural information on earnings, has introduced a new survey – the National Employment Survey (NES) - to replace the Structure of Earnings Survey. The NES methodology differs from the SES methodology in that the survey is now conducted in two stages. The sample size has also been increased – over 100,000 employees and about 8,000 Private Sector businesses as well as all Public Sector organisations are included. Employers continue to supply the earnings and hours information but the other individual employee information is now collected directly from the sampled employees, by means of customised questionnaires which are returned directly to the CSO. This welcome development means that the 2003 NES includes collection of information on such topics as presence and age of children, family status, whether spouse/partner is in employment, nature of occupancy of accommodation, reasons for working part-time, details of travel to work and length of time in paid employment. This additional and highly useful data collection would not have been possible using the old SES methodology.

As regards the questionnaire issued to employers, the Group has also noted the inclusion of information on the number of employees (disaggregated by gender and full/part-time status) receiving the National Minimum Wage.

The Group has identified a number of additional variables that should be added to meet the requirements in relation to the gender pay gap. At employer (firm) level, these are:

- Recruitment practices
- Promotion Practices
- Availability (and take-up) of various family-friendly schemes
- Availability (and take-up) of training and career development programmes
- Impact of the level of the National Minimum Wage
- Pension provisions

At employee level, additional requirements are:

- Marital Status
- Caring responsibilities
- Access to Childcare
- Cost of Childcare
- Income of partner
- Pension provisions

The above lists are not exhaustive. A major advantage of having a system of surveys like this is that not every variable would have to be included at every survey. If the survey were to be annual, modules or specific topics could be included at less frequent intervals, depending on levels of priority and demand.

The Group notes the use of the unique PPS Number as the individual level identifier in the NES. The continuation of this approach will, in time, facilitate very useful longitudinal analysis.

8.5 Recommendations

17. The Group recommends that, along with the QNHS and EU SILC, the NES should be developed to provide the third pillar of a robust and flexible system of large-scale social and socio-economic surveys. While the NES should be the primary source for monitoring the level of the gender pay gap, the other sources will play a hugely important complementary role in this regard;
18. The Group recommends that the NES be conducted annually with a core set of questions asked every year, supplemented by other modules to be included less frequently. The NES will be the primary source of gender disaggregated earning data;
20. The Group recommends that the CSO should integrate its social and socio-economic surveys (NES, QNHS and EU-SILC) to the maximum extent and exploit any linkages that are possible. At an individual level the CSO should consider the expanded use of the PPS number in its household surveys (bearing in mind, of course, data protection implications). At a macro level, the CSO should strive to use common classifications across its range of surveys.

9

Sectoral Studies

9.1 Introduction

One of the problems encountered when dealing with an issue such as the gender pay gap is that one is dealing with economy-wide average data. Averages disguise potentially large variations around the mean. Generally speaking the gap is narrower in the public sector than in the private sector, so that an economy-wide average pay gap of 15% may hide a considerably wider gap in the private sector or within individual sectors of the economy. There is therefore a question as to whether there is a need for policies directed at specific sectors, in addition to those that apply economy-wide.

The Group's mandate under the PPF included overseeing sectoral studies (see Chapter 1). The Group engaged Indecon Economic Consultants, on foot of a tendering process, to undertake research on the gender pay gap in the IT (Electrical and Electronic), food, retail and local government sectors. This research was co-funded by the EU under the Community Framework on Gender Equality, 2001-2005. As part of the project a comparative study of the situations in the IT, food and retail sectors in Ireland, Northern Ireland, Sweden and Finland was also undertaken. The comparative study was carried out by DTZ Pidea Consulting. The conclusions drawn from the research and the recommendations made reflect many of the findings of research on the gender pay gap in general. In this Chapter, we set out the key findings and recommendations contained in the two Reports.

9.2 Findings/Recommendations - Indecon Report

One of the more interesting aspects of the Indecon study is the differences in the make up of the different sectors under review. Table 4 below displays these differences. For example, in retail 72% of males and 89% of females earn less than €24,000 per annum, the comparable figures for local government are 17.6% and 31.9%. Females account for 61.6% of the workforce in retail, but only 24.4% in local government. Almost half the females working in retail work part-time, compared to 10% in local government. Despite this, the average hours worked per week by women in retail is 30 as against 34 in local government. Recruitment in the food sector is carried out predominantly in-house whereas in IT it is mainly external (agencies, etc.).

Table 4 - Cross-sectoral comparative analysis of key findings

| | | Retail | IT | Food | Local govt. |
|---------------------------------------|----------------|---------------|-----------|-------------|--------------------|
| % in labour force | Females | 62 | 35 | 30 | 24 |
| % Salary <€24k | Females | 89 | N/A | N/A | 32 |
| | Males | 72 | N/A | N/A | 18 |
| Avg. no. hours worked per week | Females | 30 | 37 | 36 | 34 |
| | Males | 40 | 41 | 41 | 36 |
| %Part-time workers | Females | 46 | 14 | 19 | 10 |
| | Males | 17 | 3 | 3 | 0 |
| %in management positions | Females | 13 | 14 | 11 | 2 |
| | Males | 30 | 20 | 15 | 9 |

This table shows the considerable differences between sectors, which may either result from or contribute to the existence of a pay gap. It may also raise the question as to whether, for example in the retail sector, the issue is as much low pay as a gender pay gap.

Despite the obvious differences between the sectors, the recommendations contained in the Indecon Report largely apply across the sectors rather than being sector specific. While there are subtle differences in those recommendations common to a number of sectors, for simplicity we have drawn out the common themes and present them here.

In summary the main recommendations are:

1. Each sector to conduct gender equality reviews and prepare action plans;
2. Each sector to introduce programmes to encourage a greater proportion of women to seek senior management positions;
3. Each sector to introduce programmes to reintegrate women returning to the workforce after periods of extended leave of absence, the primary reason for which is childrearing responsibilities;
4. The IT and retail sectors to encourage a greater proportion of women to take up third level education and training courses;
5. The retail and IT sectors to promote the provision of family-friendly and flexible working arrangements;
6. The food and IT sectors to introduce programmes to encourage greater representation of women in the sector, and
7. The local government sector to increase the access of external candidates seeking careers in the sector.

9.3 Comparative Study

9.3.1 Findings/Conclusions

Looking at the extent of the pay gap in the three sectors under review (IT, food and retail), and the main determinants of the gap, the researchers reached the following conclusions:

1. The size of the gap varies depending on the sector and the gap is smaller where women represent a smaller proportion of the total workforce;
2. Part-time working is more common among females in the food and retail sectors in comparison to the IT sector;
3. Differences in educational qualifications explain some of the differences in earnings across the three sectors, though this needs to be qualified as women appear to be slightly better educated than men in the food sector. Where high-level qualifications are required,

for example IT, a key issue is to increase the proportion of women in possession of high-level technical skills;

4. A large part of the gender pay gap in all sectors is explained by vertical segregation. In all sectors, career progression and promotion are mechanisms which sustain and even widen the gender pay gap.

9.3.2 Recommendations

1. There is a need to build awareness among firms in the food and retail sectors that unequal pay and unequal opportunity exists within their own industries and organisations. Action is needed both to encourage women to develop their careers and to remove obstacles in their paths;
2. To address the difficulties faced by women in sectors requiring technical qualifications, action is required within the school system including in relation to gender stereotyping;
3. Policy responses are required to address issues relating to female labour market attachment.

9.4 Conclusions

The Indecon research, while identifying some sector specific actions, by and large identifies the same issues that have already been highlighted in the ESRI Report at the level of the economy. This raises the question as to whether a sectoral approach is appropriate to the issue. This is not clearcut. The definition of sectors and the availability of earnings data at a sectoral level dictate the level of precision which can be applied to the formulation of recommendations at sectoral level. The sectoral research commissioned by the Group covered four broad sectors. While local government could be said to stand alone, the other sectors are very broad, covering many sub-sectors that have little in common. For example, the IT sector includes everything from hardware manufacture to software development. The use of narrower sectoral classifications would permit more focused targeting of sectors and the identification of more sector-specific actions than has been possible in the Indecon Report.

There is a need to gather data at a sectoral level in order to identify those sectors which require attention and to devise policies to address the sector-specific issues giving rise to the overall gender pay gap. The sectoral research commissioned by the Group has a contribution to make in addressing the wage gap within the four sectors covered and should be widely disseminated throughout the sectors. There is a need for narrower sectoral definitions to allow for sector-specific actions and this should be reflected in the changes recommended in Chapter 8 on Statistics.

The recommendations emanating from the comparative study can be summarised as relating to gender equality policies within industry, the role of education and how to improve female attachment to the labour force.

9.5 Recommendations

21. The findings of the Indecon research on the IT, food, retail and local government sectors should be widely disseminated in the four sectors;
22. Future analysis of the gender pay gap should involve, where appropriate, the use of narrower sectoral classifications which would permit more focused sector-specific approaches to addressing the gap.

Appendix A

Membership of Consultative Group on Male/Female Wage Differentials

John O’Callaghan, Department of Justice, Equality and Law Reform, Chairperson
Kathleen Connolly, Department of Justice, Equality and Law Reform, Secretary
Niamh Allen, Department of Justice, Equality and Law Reform, Assistant Secretary
Kate Murray, Department of Justice, Equality and Law Reform
Ronan O’Reilly, Department of Enterprise, Trade and Employment
Cormac Carey, Department of Finance
Mark Manto, NDP Gender Equality Unit, Department of Justice, Equality and Law Reform
Esther Lynch, Irish Congress of Trade Unions
Peter Flood, Irish Business and Enterprise Confederation
Malachy McGlynn, Irish Co-Operative Organisation Society
Barbara Cashen, Equality Authority
Gerard Healy, Central Statistics Office
Carol Baxter, National Women’s Council of Ireland

Note:

The following represented their Department/Organisation at the Committee as members/substitutes:

Claire Jones, Irish Business Employers’ Confederation
Mags O’Brien, Irish Congress of Trade Unions
Barra Ó Murchada, Department of Finance
Dermot Ryan, Department of Finance
Eugene Forde, Department of Enterprise, Trade and Employment

Appendix B

Equal Opportunities Childcare Programme 2000-2006 Measures

Capital Grants

1. Capital Grant Scheme for Community/Not-for-profit organisations

This capital scheme is available to community based/Not-for-profit organisations or community/Not-for-profit consortia of private and community groups, providing support towards the building, renovation, upgrading or equipping of community based childcare facilities.

2. Capital Grant Scheme for Self-employed Childcare Providers (less than 20 places)

This capital scheme applies to self-employed providers catering for not more than 20 children at any one time, providing support towards the building, renovation, upgrading or equipping of childcare facilities with a maximum available grant of €50,790.

3. Capital Grant Scheme for Private Childcare Providers (more than 20 places)

This capital scheme applies to commercial providers of more than 20 childcare places and provides support towards building, renovation, upgrading or equipping of childcare facilities with a maximum available grant of €50,790.

4. Staffing Grant Scheme for Community/Not-for-profit organisations

This scheme will apply to a community based/Not-for-profit group organisation or a community/Not-for-profit consortium of private and community groups, providing support towards staffing costs for community based childcare that have a focus on meeting the childcare needs of disadvantaged families.

Quality Improvement Grants

1. Support for National Voluntary Childcare Organisations

Direct grant assistance is being made available to seven voluntary organisations involved in childcare to enable them to implement a range of measures to upskill their members and create a greater awareness of the importance of quality in the childcare context.

Other

1. Local childcare networks

It is considered appropriate to develop local networks through activity co-ordinated at local level. As a result, funding towards the development of local childcare networks is being devolved to the County Childcare Committees which have been established in each County Development Board area.

2. Innovative projects

Funding is available for projects which show an innovative approach to the area of childcare service provision and which may be capable of being replicated in other areas.

3. **National Childminders Initiative**

As an interim measure, pending the development of a national strategy for childminders, the County Childcare Committees have been allocated funding up to the end of July 2003 and are undertaking some local initiatives for childminders.

Appendix C

ODEI Statistics on equal pay cases based on the gender ground

Table 5 - Number of equal pay claims referred, as a proportion of total employment discrimination claims

| Act under which referred | Year | Total Number of Employment Discrimination Claims | Number of Equal Pay Referrals | Gender Equal Pay Claims as % of Employment Discrimination Claims |
|---|------|--|-------------------------------|--|
| Equal Pay Act 1974 | 1995 | 63 | 19 | 30 |
| Equal Pay Act 1974 | 1996 | 91 | 37 | 41 |
| Equal Pay Act 1974 | 1997 | 71 | 28 | 39 |
| Equal Pay Act 1974 | 1998 | 85 | 27 | 32 |
| Equal Pay Act 1974 | 1999 | 59 | 26 | 44 |
| Employment Equality Act 1998 and Equal Pay Act 1974 (gender ground) | 2000 | 102 | 15 | 15 |
| Employment Equality Act 1998 and Equal Pay Act 1974 (gender ground) | 2001 | 182 | 21 | 12 |
| Employment Equality Act 1998 and Equal Pay Act 1974 (gender ground) | 2002 | 137 | 42 | 31 |

Table 6 - Number of equal pay claims on the gender ground decided, withdrawn or settled

| Year | Withdrawn or Settled | Withdrawn | Settled | Decided Cases | Total Number of Claimants Covered by Decisions ⁵⁵ |
|------|----------------------|---------------|---------------|---------------|--|
| 1995 | 2 | - | - | 9 | - |
| 1996 | 5 | - | - | 11 | - |
| 1997 | 7 | - | - | 11 | - |
| 1998 | 19 | - | - | 23 | - |
| 1999 | - | 7 | 3 | 51 | 216 |
| 2000 | - | 7 | 7 | 11 | 239 |
| 2001 | - | Not available | Not available | 8 | 15 |
| 2002 | - | Not available | Not available | 10 | 472 ⁵⁶ |

Table 7 - Success rates of equal pay cases decided, 1999-2002, by gender of claimant

| Outcome by Gender of Claimant | 1999 | 2000 | 2001 | 2002 |
|--|------|------|------|------|
| Male Claimant Wins | 1 | 0 | 0 | 0 |
| Male Claimant Loses | 41 | 1 | 0 | 1 |
| Female Claimant Wins | 3 | 2 | 2 | 0 |
| Female Claimant Loses | 6 | 8 | 6 | 9 |
| Total Equal Pay Cases Decided | 51 | 11 | 8 | 10 |
| Total Cases Successful for Claimant | 4 | 2 | 2 | 0 |
| % of Decided Equal Pay Cases Successful for Claimant | 8% | 18% | 25% | 0% |

Table 8 - Success rate for equal pay claimants in the period 1990-2002

| Year | Success Rate | Year | Success Rate |
|------|--------------|------|--------------|
| 1990 | 46% | 1997 | 45% |
| 1991 | 50% | 1998 | 17% |
| 1992 | 29% | 1999 | 8% |
| 1993 | 50% | 2000 | 18% |
| 1994 | 29% | 2001 | 25% |
| 1995 | 11% | 2002 | 0% |
| 1996 | 9% | | |

⁵⁵ This column reflects the total number of claimants where there were grouped claims, e.g. where 1 decided case covered the situation of 161 individual claimants.

⁵⁶ The exceptionally high figure is due to the fact that one grouped claim involved 444 employees.

Table 9 - Success rates for employment discrimination claimants generally (all grounds) 1999-2002

| | 1999 | 2000 | 2001 | 2002 |
|--|-------------|-------------|-------------|-------------|
| Total Number of Cases Decided | 98 | 43 | 42 | 56 |
| Total Number Successful for Claimant | 10 | 21 | 14 | 16 |
| % of Decided Cases Successful for Claimant | 10% | 49% | 33% | 29% |

Appendix D

Equality for Women Measure Projects Addressing the Gender Pay Gap

The Equality for Women Measure of the Regional Operational Programmes is funding the following projects which are tackling gender segregation in the labour market.

| Promoter/ Grant | Project Aim |
|--|--|
| University of Limerick €172,684 | To provide a one-year foundation outreach access course on science, mathematics and technology to improve women's access to third level programmes in science and technology. |
| Trinity Law School €93,961 | To undertake a detailed empirical study of women in the law (all aspects including education, academia, practising professionals and judges) to identify the extent of discrimination in this area and to bring forward recommendations in order to enhance gender equality. |
| Radio Telefís Éireann €253,948 | To undertake a systematic audit of internal organisational factors bearing on the promotion of equality for women, leading to a developmental programme for women. Secondly, to develop a Diversity Database to provide programme makers with a resource of potential women contributors, experts and panel members. |
| Institute of Technology, Tallaght €267,915 | To provide a three strand mentor support to women at three different stages of an engineering career – school, college and work – with a view to increasing quality and quantity of participation of women in engineering. The project was formally launched on 10 January, 2002. |
| Ballymun Job Centre €139,671 | To develop and deliver a career development package that will assist disadvantaged women in low paid work to access skilled, professional and better paid employment. |

| | |
|---|--|
| <p>Irish Congress of Trade Unions €382,191</p> | <p>To use trade union officials and representatives as agents of change to decrease inequalities experienced by women in the work place, and to develop concrete tools, skills, and strategies to address gender equality in the workplace. These should result in a decreased pay gap, increased awareness, and increased capacity to challenge inequalities.</p> |
| <p>Gateway for Women €507,896</p> | <p>To assist women returning to employment. It is a tailored response to individual needs and focuses on addressing concerns experienced by women returnees such as flexibility of training and accessibility to services. All provisions are locally based and adapted to each woman's particular needs.</p> |

Appendix E

QNHS Childcare Module – July 2003 ⁵⁷

The following is a summary of the CSO's Childcare Module, based on figures from the fourth quarter of 2002.

Out of a total of 352,800 families, 86,100 had pre-school children only, 180,600 had primary-school children only, and 86,100 had both. The key findings are the following:

- Over 40% of families (73,000 families) with pre-school children use non-parental childcare facilities⁵⁸; 25% avail of it for minding primary school-going children. Over three-quarters of couples where both partners were at work had childcare arrangements for their pre-school children and nearly half for their primary school-going children, illustrating the far greater need of working parents for childcare;
- Unpaid relatives are an important source of childcare, in particular for minding school-going children; over 31,000 families relied on unpaid relatives for minding school-going children on a regular basis, and over 25,000 of these indicated that it was their main source of childcare outside school hours;
- In the case of paid childcare, almost 20,000 families employed a Paid Carer for principal minding of their pre-school children, with almost 16,000 families relying on a Crèche/Montessori/Naíonra. Almost 20,000 families employed a Paid Carer for minding their school-going children, less than 4,000 used a Crèche;
- Over 26,000 families with pre-school children, whose principal childcare arrangements were non-parental, required over 30 hours of non-parental care per week on a regular basis; families with school-going children require far shorter periods of minding;
- The cost of childcare was significantly higher in Dublin than other areas, with parents paying on average €4.09 and €5.47 per child per hour for minding pre-school and school-going children respectively; this compares with an average of €3.25 and €4.70 for families throughout the country. The average weekly outlay by the 59,800 families whose principal arrangements for minding their children during normal working hours involved paid childcare was €97.47. Dublin families paid the highest, with an average of €118.96 per week; the corresponding figure for families outside Dublin was €87;
- Just under 20% (32,400) of families with pre-school children would welcome the availability of alternative childcare arrangements. Almost half of these would like a Crèche or Montessori; a further 20% mentioned a Paid Carer. Over 45% of parents were not using their preferred option due to financial reasons, and a further 34% said the option was not available to them. In relative terms, there was less dissatisfaction revealed in relation to childcare arrangements for primary school-going children, with just one in eight (33,900) families stating they would like an alternative type of childcare.

⁵⁷ These questions on childcare were included in the Quaterly National Household Survey (QNHS) in the three months from September to November 2002.

⁵⁸ Non-parental childcare means any form of childcare other than that provided by the parents or guardians themselves. The scope is restricted to such childcare availed of on a regular weekly basis during the normal working day.

Appendix F

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