



**AN BILLE UM PÁ ÍOSTA NÁISIÚNTA (AN COIMISIÚN UM
PÁ ÍSEAL), 2015**
**NATIONAL MINIMUM WAGE (LOW PAY COMMISSION)
BILL 2015**

EXPLANATORY AND FINANCIAL MEMORANDUM

Introduction

The main purpose of the Bill is to amend the National Minimum Wage Act 2000 to provide for the establishment of the Low Pay Commission on a statutory basis.

The principal function of the Low Pay Commission will be, on an annual basis, to examine and make recommendations to the Minister on the national minimum wage, with a view to securing that the national minimum wage, where adjusted, is adjusted incrementally over time having regard to changes in earnings, productivity, overall competitiveness and the likely impact any adjustment will have on employment and unemployment levels.

Alongside examining the national minimum wage, the Low Pay Commission may also be requested by the Minister to examine and report its view and recommendations on such matters related generally to the functions of the Commission under the Act. This work programme will be presented to the Commission within the first two months of each year.

Provisions of Bill

Section 1: Definition

Section 1 defines the “Principal Act” as meaning the National Minimum Wage Act 2000.

Section 2: Amendment of section 2 of Principal Act

Section 2 amends the Principal Act to provide for insertion of a number of relevant definitions in that Act.

Section 3: Establishment of Low Pay Commission

Section 3 provides for the establishment of the Low Pay Commission and that the body will be independent in the performance of its functions.

Section 4: Duty of Commission

Section 4 provides that the Commission will be required to make such recommendations that are designed to set a minimum wage that is:—

- designed to assist as many low-paid workers as is reasonably practicable;
- is both fair and sustainable;
- where adjustment is appropriate, is adjusted incrementally, and
- over time, is progressively increased,

without creating significant adverse consequences for employment or competitiveness.

Section 5: Functions of Commission

Section 5 provides for the functions of the Commission. In this context, the Commission will be required to examine the national minimum hourly rate of pay and make a recommendation and submit a report on the issue by 15 July each year. This section also sets out the range of economic factors that the Commission is required to take into account when making a recommendation. When making a recommendation the Commission will be required to have regard to:

- (a) changes in earnings during the relevant period;
- (b) changes in currency exchange rates during the relevant period;
- (c) changes in income distribution during the relevant period;
- (d) whether during the relevant period:—
 - (i) unemployment has been increasing or decreasing;
 - (ii) employment has been increasing or decreasing; and
 - (iii) productivity has been increasing or decreasing,
 both generally and in the sectors most affected by the making of an order,
- (e) international comparisons, particularly with Great Britain and Northern Ireland,
- (f) the need for job creation, and
- (g) the likely effect that any proposed order will have on:—
 - (i) levels of employment and unemployment;
 - (ii) the cost of living, and
 - (iii) national competitiveness.

Section 5 also provides that the Commission may be requested by the Minister to examine and report on such matters related generally to the functions of the Commission under the Act. In addition, the Commission will be required to report every three years on the general operation of the Act.

The Commission will be required to consult with employers and employees when preparing reports under *Section 5*.

Section 6: National Minimum Hourly Rate of Pay

Section 6 provides that the Minister will, within three months of receiving a recommendation from the Commission, decide whether to accept, reject or vary the recommendations of the Commission, for stated reasons. The Minister will be required to lay a statement

before both Houses of the Oireachtas setting out the basis for any rejection or variation of a recommendation or recommendations. If the Commission fails to make a recommendation on the national minimum hourly rate, the Minister may, having had regard to the economic factors specified in the legislation, make an order in relation to the matter.

Section 7: Funding and Resources

Section 7 provides that the Minister shall advance to the Commission out of moneys provided by the Oireachtas such amount or amounts as the Minister may, with the consent of the Minister for Public Expenditure and Reform, determine for the purposes of expenditure by the Commission in the performance of its functions.

Section 7 also provides that the Minister shall make available to the Commission such officers of the Minister and reasonable facilities and services as the Minister, after consultation with the Commission, may determine.

Section 8: Amendment of Principal Act

Section 8 provides for a number of technical amendments to the Principal Act.

Section 9: Repeals

Section 9 provides for the repeal of sections 11, 12 and 13 of the Principal Act.

Section 10: Short title, collective citation and construction

Section 10 provides for the short title, collective citation and construction provisions of the Bill.

Schedule

The new *Schedule* provides that the Commission will be a nine member body comprising an independent chairman, three members who will have a deep understanding of the interests of low-paid workers, three members who will have a deep understanding of the interests of employers, particularly small to medium-sized employers and those operating in traditionally low-pay sectors, and two members who will have relevant knowledge or expertise in relation to some or all of the following; economics, labour market economics, statistics, and employment law.

The Minister shall, in so far as is practicable, endeavour to ensure that among the members there is an equitable balance between men and women.

The term of office of its members will be three years. Members may serve two consecutive terms of office and will be eligible for reappointment after a break.

The Schedule also includes standard provisions dealing with resignation and termination, disqualification, remuneration and other terms and conditions of office, appearance by the Chairman before a Committee of either House of the Oireachtas, and the regulation of its own procedures by the Commission.

Financial Implications

The estimated annual cost to the exchequer in respect of the provisions of the Bill is €500,000. 3 administrative staff will support the work of the Low Pay Commission.

*An Roinn Post, Fiontar agus Nuálaíochta,
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