

# DÁIL ÉIREANN

---

## AN COMHCHOISTE UM FHIONTAR, TRÁDÁIL AGUS FOSTAÍOCHT JOINT COMMITTEE ON ENTERPRISE, TRADE AND EMPLOYMENT

---

*Dé Céadaoin, 28 Meán Fómhair 2022*

*Wednesday, 28 September 2022*

---

Tháinig an Comhchoiste le chéile ag 9.30 a.m.

---

The Joint Committee met at 9.30 a.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Richard Bruton,	Ollie Crowe,
Paul Murphy,	Róisín Garvey,
Louise O'Reilly,	Paul Gavan,
Matt Shanahan,	Marie Sherlock.
David Stanton.	

I láthair / In attendance: Deputy David Cullinane.

Teachta / Deputy Maurice Quinlivan sa Chathaoir / in the Chair.

## **Cost of Living, Minimum Wage Increases and Report of Low Pay Commission: Discussion**

**Chairman:** Under public health arrangements due to Covid-19, all those present in the committee room are asked to exercise personal responsibility to protect themselves and others from the risk of contracting Covid-19.

Members who participate remotely, as they are well aware, must do so only from within the Leinster House complex. Finally, I have received no apologies.

Today, we will discuss the costs of living, minimum wage increases and the report by the Low Pay Commission. Most employees are entitled to the minimum wage under the National Minimum Wage Act 2000. Since 1 January 2022, the national minimum wage is €10.50 per hour. In July, the Low Pay Commission published its report and recommendations for the national minimum wage. On 14 September, the Tánaiste and Minister for Enterprise, Trade and Employment, Deputy Leo Varadkar, announced that he had received the Government's proposal to accept the recommendation by the Low Pay Commission to increase the national minimum wage by 80 cent to €11.30 per hour from 1 January 2023. I am pleased that we have this opportunity to consider these matters further with the following representatives. I welcome Mr. Ultan Courtney, chairman, Low Pay Commission; Ms Claire Pyke, assistant principal officer, and Mr. Oisín Gilmore, Department of Enterprise, Trade and Employment, who form part of the secretariat to the commission; and Mr. Gerry Light, general secretary, Mr. Jonathan Hogan, assistant general secretary, and Mr. Jim Fuery, divisional organiser for the Dublin north division, Mandate.

Before we start I will explain some limitations to parliamentary privilege and the practice of the Houses in regard to references witnesses and members may make to another person in their evidence. The evidence of witnesses physically present or who give evidence from within the parliamentary precincts is protected pursuant both to the Constitution and Statute by absolute privilege. Witnesses are reminded of the long-standing parliamentary practice to the effect that they should not criticise or make charges against any person or entity by name or in such a way as to make him, her or it identifiable, or otherwise engage in speech that might be regarded as damaging to the good name of the person or entity. If their statements, therefore, are potentially defamatory in regard to an identifiable person or entity, they will be directed to discontinue their remarks. It is imperative that they comply with any such direction they may be given.

The opening statements have been circulated to all members. I invite Mr. Courtney to make his opening remarks on behalf of the commission.

**Mr. Ultan Courtney:** Good morning, Chairman, and members of the committee. I am glad to have the opportunity to meet with you all and discuss the commission's recent report and recommendations on the national minimum wage.

Mandate has also been invited to the meeting. Since 2016, the accommodation and food, and the wholesale and retail sectors combined have consistently accounted for more than 50% of national minimum wage workers. In 2020, they accounted for 54.4% of all national minimum wage workers. Mandate's experience of their representation of retail, bar and adminis-

trative workers is always of interest to the Low Pay Commission and its contributions to the commission's consultations on minimum wage issues are always welcome. I look forward to hearing its contributions to today's discussions.

I was appointed as chair of the commission last October. I started my working life with CIE and recently finished a seven-year term as chairman of Dublin Bus. I run a management consultancy business that I established in 2008. I have expertise in economics, industrial relations, employment law and human resources, both in the public and private sector, and act as an independent person in a number of other organisations. The Low Pay Commission was established in 2015 as an independent body. Its statutory function pursuant to the National Minimum Wage Acts is to make recommendations to the Minister for Enterprise, Trade and Employment on the appropriate rate of the national minimum wage. It is important to emphasise that the commission recommends a national minimum wage but the Government decides on the rate. The legislation provides for the Government to accept and implement the commission's recommendation or to implement a different rate.

The national minimum wage seeks to find a balance between a fair and sustainable rate for low-paid workers and one that will not have significant negative consequences for employment and competitiveness. It might be useful for me to outline how the commission comes to its recommendations. The commission comprises eight members and myself as an independent chair. There are members who have an understanding of the interests of employees, especially the impact of living on the minimum wage and the sectors where low pay and minimum wage workers are concentrated. There are members who have an understanding of the interests of employers, particularly small to medium-sized employers and those operating in traditionally low-pay sectors and who possess a good knowledge and understanding of the specific issues faced by Irish businesses particularly in respect of labour costs and competitiveness. There are also academics who have particular knowledge and expertise in relation to economics, labour market economics and statistics.

The National Minimum Wage Acts set out the issues we are obliged to consider when we are making our recommendations. These include the cost of living, earnings and income distribution, competitiveness and the likely effect that any proposed recommendation will have on future levels of employment. Statute requires incremental adjustment to the national minimum wage. The recommendations that the commission makes are always based on the best available evidence at the time. The commission has a research partnership agreement with the ESRI to undertake and disseminate research on the issues surrounding low pay in Ireland. This has led to the publication of high-quality research on the impact of changes to the national minimum wage. The commission recently awarded research bursaries for two independent pieces of research on minimum wages issues. This research is being finalised and its publication will further improve our understanding of the issues surrounding low pay.

Since my appointment last October, the commission has met 15 times. Meetings are used to analyse the most recent research and data on low pay issues and on general economic performance. We also met with representatives of the Department of Finance, OECD, UK Low Pay Commission, Eurofound, ESRI, Central Bank of Ireland, as well as academics from the University of Oxford and University College Dublin, to hear their expert opinion on issues relevant to our work. We also received commissioned reports from the ESRI and Maynooth University, which provided analysis of the impact of changes in the minimum wage on several areas including employment and hours of work. The commission also met with several representative groups representing both employers and employees, including Mandate. As part of

our deliberations the commission conducted a public consultation this year where we invited submissions on the appropriate rate of the national minimum wage for 2023. The commission received 297 submissions. This contrasts with 85 submissions received last year and highlights the interest in and awareness of low-pay issues at this time. These meetings and submissions provided further information and context for us to consider when it came to making our final recommendations.

Our recommendation to the Government was for an 80 cent increase in the national minimum wage. This represents a 7.6% increase and is the largest increase recommended by the commission to date. This recommendation was supported by seven of the nine members of the commission. Two of the three employee representative members dissented from the majority decision of an increase of 80 cent in the national minimum wage. Those members sought a higher increase phased in in tranches beginning with a temporary increase in October 2022. The Government recently announced that it had accepted the commission's recommendation and that the national minimum wage will rise to €11.30 from 1 January 2023.

It is expected that more than 164,000 people will be in line for an increase based on our recommendation to increase the national minimum wage. However, the real figure is likely to be much higher given that there will be a knock-on increase for those currently earning slightly above the minimum wage. The commission's recommendation for 2023 equates to gross increases of approximately €30 a week, €120 a month or €1,600 a year for those working full-time on the national minimum wage. When we made our recommendation of a 7.6% increase in the national minimum wage inflation was predicted to be 4% in 2023 with wage growth predicted to reach 4.5%. There are those who will say that this increase is not enough in a time of high inflation and others will say this increase is too much when employers are also facing high inflation and challenges to their competitiveness. When coming to our recommendation we sought to make it fair, balanced and sustainable. We examined our commissioned research from the ESRI and Maynooth University, which indicates that previous minimum wage increases recommended by the commission have had little effect on employment while reducing wage inequality. These have been gradual increases and when we consider changes to the national minimum wage we have to make sure that we make changes in a way that does not give rise to a fall in the employment or a fall in hours worked. To do so would be counterproductive. This year's recommendations were made at a time the economy is grappling with its third severe economic shock in as many years due to Brexit, Covid-19 and, most recently, the fallout from the crisis in Ukraine. We, of course, gave great consideration to the rising cost of living. As we recognised in our report the cost of living has increased significantly since the commission made its recommendation for the 2022 national minimum wage. Housing, childcare and transportation continue to be significant issues for minimum wage and low-paid workers. These issues however cannot be resolved by the minimum wage increases alone. The national minimum wage is not a panacea. We have made it clear in our recommendations that the national minimum wage alone will not compensate workers for inflation and recent increases in the cost of living. Our 80 cent recommendation is significant but we also recommended that supports to low-paid workers should be considered in the context of budget 2023. The Government indicated that should be a cost-of-living budget and the commission recommended that additional measures are taken to support minimum wage and low-paid workers.

The commission also recommended that supports to employers are considered by the Government. We are all aware of the rising costs affecting individuals and families but the commission also had to consider the rising costs affecting employers. Employers and their representatives told us that rising costs are affecting all sectors and that they face further labour costs

such as pensions auto-enrolment and mandatory sick pay. We were also conscious of the need to avoid generating inflationary pressures and the need to avoid a wage price spiral when considering wage increases. We try to balance this by ensuring that low-paid workers receive an increase that helps to ease the pressures they face in meeting day-to-day living costs. When we talk about next year's increase in the national minimum wage, it is important to highlight the commission's recent recommendations on the progression to a living wage. Members will be aware that earlier this year we submitted its report on how best the Government could progress to a living wage. We recommended adopting a fixed-threshold approach for the calculation of a living wage and setting the fixed threshold at 60% of the median wage in the economy. The commission also recommended that after the 60% target has been reached, subject to an assessment of the impact of this, we should assess the economic practicality of gradually increasing the targeted threshold rate towards 66% of the median wage and make appropriate recommendations.

I thank members and am happy to take any questions they may have on the commission's report and recommendations.

**Chairman:** I invite Mr. Light to make his opening remarks on behalf of Mandate's review.

**Mr. Gerry Light:** With the Chair's permission, my colleague, Mr. Hogan, will provide our submission.

**Chairman:** That is fine.

**Mr. Jonathan Hogan:** I thank the Chairperson, members, and staff for the invitation to appear before the committee. Mandate Trade Union represents almost 27,000 workers, primarily in the retail sector. The union also represents workers within the licensed trade and those in administrative roles. Many of these workers were operating on the front line during the pandemic. Our comments reflect their views on the cost of living, the minimum wage, and the report of the Low Pay Commission.

We remind the committee that the programme for Government contains a commitment to increase the minimum wage to a living wage by the conclusion of the current Dáil. We trust that the Government does not mean to renege on this commitment.

Our members are being squeezed between low wages and a high cost of living. The only viable solution to protect these workers is to increase their wages and reduce the cost of the essential public services that these workers rely on. To ensure our most vulnerable workers have an adequate income, the Government must increase the minimum wage to a living wage, which is just over €14 per hour, as a starting point. Mandate based this calculation on last year's estimate by the living wage technical group of a living wage hourly rate of €12.90, which is based on a 39-hour working week. We added 8.5% to reflect the cost of inflation. The figure of 8.5% is the rate of price inflation projected by Nevin Economic Research Institute, NERI, this year. NERI projects further inflation of 4.5% in 2023.

Unfortunately, the Low Pay Commission's recommendation of €11.30 per hour, a 7.6% increase, fails to keep pace with 2022 inflation rate and is just 80.7% of a €14 minimum wage. Matching inflation is the bare minimum expectation of workers. Anything less would be a pay cut. How can we have faith in a process that leads to pay cuts and declining living standards for workers? Wages in Ireland's low-pay sectors of retail and hospitality significantly trail behind wages in the same sectors in other high-income EU countries. There is no competitiveness is-

sue.

Mandate also notes the impact of the commission's last three annual recommendations, which effectively amounts to a cut in real pay. The rate of nominal increase from 2020 to 2023 is 11.9%, but the rate of economy-wide consumer price inflation between January 2020 and August 2022 was almost 12%, at 11.9%. Does the commission believe there will be no further price increases between August 2022 and January 2023? This is not what any institutional forecaster or the European Central Bank, ECB, seems to believe. Even headline inflation understates the rate of price increases for low-wage workers. Lower-income households generally spend a higher portion of their incomes on the type of necessities, such as energy, food and rent that are experiencing the sharpest price increases.

The commission's recommendation means that minimum-wage workers in 2023 will be even further away from earning a living wage. The recommendation also means that minimum-wage workers will have seen deterioration in their position relative to the median wage over the five years between 2018 and 2023. By any measure, we can see that minimum-wage workers are falling further behind.

The Low Pay Commission is failing in its mandate to protect workers, and we strongly oppose its recommendation because it is too low. In addition, we are calling for the removal of the discriminatory sub-minimum rates of the minimum wage. Such discrimination against young workers is a grave injustice that has no place in a modern economy or society. Equal work should mean equal pay.

On the economic impact, the commission will no doubt raise concerns about the impact of a higher minimum wage on the economy, yet the economic literature is clear in that minimum wages and minimum wage increases close to but above inflation do not have any meaningful impact on net employment. The current national minimum wage in Ireland is barely over half that of the median wage. This compares to 60% in countries such as France, Portugal and Luxembourg.

The economy and the labour market itself are in a strong position. We are now close to full employment and hours worked in the economy are at record levels. The unemployment rate is just 4.3% and the job vacancy rate is higher than pre-pandemic levels. There is an excess of labour demand over labour supply.

Low-paid sectors experienced a rapid recovery in 2022. Net business income exceeds pre-pandemic business income in both the restaurant and retail sectors. The seasonally adjusted retail sales index in July was 10% higher than its level on the eve of the pandemic. The hotel sector has also made a robust recovery.

It is clear that wages are not driving the current inflationary spike; it is being driven by supply-side factors related to supply chain problems, commodity market shocks and the energy crisis. In this context, increasing the minimum wage to the living wage would have a minimal impact on price growth.

Of course, wage growth is far from keeping pace with inflation. If the economy gets into a dynamic of falling real incomes, consumer spending will fall and businesses will fail. That is the reality. NERI advises that a combination of tightening monetary policy and falling real incomes could push the economy into recession. On the other hand, a higher wage will result in higher consumer spending. Low-wage workers have a high propensity to spend and a much

higher propensity to spend domestically. Unlike high-income households, low-paid workers cannot afford to save or, indeed, spend their money on expensive foreign luxuries and holidays. Their wage increases flow back to businesses across the domestic economy. Any negative impact of higher wages on business costs will be offset by the benefits arising from the increase in domestic demand. In addition, higher wages tend to drive a positive dynamic of more motivated and engaged workers and, therefore, improve goodwill and promote effort-based productivity. Better wages also lead to reduced employee turnover, therefore, lowering recruitment and training costs. Loss of experience itself means a loss of productivity. Overall, higher minimum wages increase aggregate demand and facilitate higher productivity dynamics within the firm.

Mandate believes the Government should enable workers to improve their own wages directly with their employer. The best way to do this is to implement enhanced collective bargaining legislation and through union access to legislative rights. Increasing the hourly rate of pay for workers is irrelevant if their employer cuts their hours or refuses to give them extra hours. Collective bargaining is the only way to protect workers from unscrupulous employers and ensure they receive an acceptable weekly living wage. Legislative access for workers who wish to avail of extra hours that become available to improve and secure higher incomes is an absolute need within the sector in addition to securing increases in hourly rates of pay.

**Chairman:** I invite members to discuss issues with representatives. I remind members participating remotely to use the raise-hand function and to remove the raised hand when they are finished speaking. We have a rotating system in place. The first member who indicated is Senator Paul Gavan.

**Senator Paul Gavan:** I offer a warm welcome to all our guests. I appreciate them coming before the committee for this important topic.

I begin by declaring an interest. Mr. Courtney said: “There are those who will say that this increase is not enough in a time of high inflation and others will say this increase is too much.” I am one of the former. I am a trade union member and have been a proud trade union activist for most of my life. That is my perspective. It is best to be clear and upfront about that.

Does Mr. Courtney accept Mandate’s point that the recommendations of the past three years from the Low Pay Commission have effectively resulted in a pay cut for the lowest-paid workers in the State?

**Mr. Ultan Courtney:** When looked at solely from an economic perspective, it is probably true but that is an economic measurement. If one looks at it from a different perspective, the remit of the Low Pay Commission is to look at an increase that is fair and sustainable but also to ensure that account is taken of the employment and competitiveness of the economy. That acts as a brake on what the commission has to or wants to do. It is a legitimate way of looking at how increases in this pay in the economy should take place. On that basis the commission does its best at a point in time with the information that it has from a particular and very large component of the working population, 164,000 people, in very disparate and different kinds of employment, and tries to analyse what will be the best increase going forward. This is very different from the collective bargaining system that obtains in a very large part of the employment sectors. In that context, what the Senator has said is probably factually correct but it is not how we try to do business in the sense of trying to keep pace with inflation or the cost of living. We all know from previous incarnations of ourselves that chasing inflation can lead to all sorts of problems, as such. It is not precisely what the commission is set up to do.

The commission is set up to try to deal with low pay in a progressive and incremental way over time. To do anything more quickly can lead to shocks for the system and can lead to potential loss of hours for the workers one is trying to help, and potential loss of jobs where employers start to make substitutions in the hours that they work or in the employment that they have.

**Senator Paul Gavan:** I thank Mr. Courtney. My apologies as I am slightly up against time here so I am sorry to have to interrupt him.

**Mr. Ultan Courtney:** Yes, of course.

**Senator Paul Gavan:** Nevertheless, I cannot reconcile that point about making progressive changes with a pay cut to the lowest-paid workers in the State. In fairness, Mr. Courtney has conceded that that is what has happened over the past three years.

**Mr. Ultan Courtney:** From an economic point of view, yes, but if one is looking at it in real terms-----

**Senator Paul Gavan:** That is the way that workers would look at the money.

**Mr. Ultan Courtney:** It depends, some do and some do not. Some actually say to us that they do not want to be put in a situation where if one increases their wages or their living wage to a certain amount, that it costs them hours or their job. That is not a practical outcome and does more harm than good.

**Senator Paul Gavan:** Mr. Courtney is saying that he has had submissions from workers asking not to get a pay increase.

**Mr. Ultan Courtney:** Yes, people would very simply understand the impact of getting an increase in pay that is not sustainable in their job. Many people understand that at the end of the day-----

**Senator Paul Gavan:** I am surprised at that. We will move on. In the commission's submission it states: "When we made our recommendation of a 7.6% increase in the National Minimum Wage inflation was predicted to be 4% in 2023 ...". Can I clarify with Mr. Courtney, please, in which month the commission made that recommendation?

**Mr. Ultan Courtney:** That was made in July.

**Senator Paul Gavan:** Looking at the consumer price index information, I see that for April inflation was at 7%, in May it was 7.8%, and in June it was 9.1%. In July, the commission would have had access to that June figure. How on earth did the commission assume that inflation for the year was going to be as low as 4%?

**Mr. Ultan Courtney:** The Economic and Social Research Institute, ESRI, quarterly employment figures are what we used.

**Senator Paul Gavan:** I hear what Mr. Courtney is saying but we all look out for the inflation figures which are available every month.

**Mr. Ultan Courtney:** Yes.

**Senator Paul Gavan:** Is Mr. Courtney saying that the Low Pay Commission did not take into account those inflation figures that I have just quoted?

**Mr. Ultan Courtney:** We used the ESRI quarterly report in that.

**Senator Paul Gavan:** The answer then is “No”.

**Mr. Ultan Courtney:** We look at the information that is available to us and we have to make an assessment on that. There are various assessments in respect of what inflation is or might be at a particular time in the future.

**Senator Paul Gavan:** I am struggling with this. I hear what Mr. Courtney is saying but it was common knowledge that the main inflation rate was 7.8%. That was on record. How could the Low Pay Commission have assumed that inflation for the year was going to be as low as 4% when it made this recommendation?

**Mr. Ultan Courtney:** No, we made a recommendation of a 7.6% increase in the national minimum wage, where inflation was predicted at 4% for 2023.

**Senator Paul Gavan:** Even the fact that Mr. Courtney highlights that, would he not now accept that that was a mistake?

**Mr. Ultan Courtney:** It is not a mistake, it is a prediction. At the end of the day a prediction is either right or wrong. It is very difficult to get predictions, particularly, in respect of economic data. The Senator has seen the change yesterday-----

**Senator Paul Gavan:** I certainly did.

**Mr. Ultan Courtney:** ----- on the 7%. It is extremely difficult to get figures that people can absolutely rely upon. This is part of the problem when trying to make assessments at a point in time, rather than saying that we will deal with that in September, October, or whenever it happens to be.

**Senator Paul Gavan:** I hear Mr. Courtney but I am still puzzled as to how his prediction was 4%, when Mr. Courtney says the commission made that recommendation in July, when we certainly had data at that stage in the public domain telling us that inflation was roaring ahead at that point at 9.1% in June. I am completely puzzled as to how the commission came up with the prediction for the year of 4%.

**Mr. Oisín Gilmore:** That figure is for 2023 not 2022. The figure in the report for inflation in 2022 was 9.6% not 4%.

**Senator Paul Gavan:** So as the commission’s prediction was 9.6%, and it has confirmed again a further pay cut for the lowest paid workers in the State, I want at this point to try to move the conversation on. Given the fact that the increase recommended by the commission, the €0.80, has been completely wiped out by inflation, would the commission consider making a recommendation for a supplemental wage increase during next year, given the impact of inflation?

**Mr. Ultan Courtney:** That is an important question because the commission is not in the business of chasing inflation but of trying to put together a proposition that looks at progressive increases over time without doing damage to the competitiveness of the companies covered by the national minimum wage. On that basis, we are restricted in what recommendations we can make and in the things we can take into consideration. We are also restricted in time. My understanding is that the only time we make a recommendation is July of any particular year which is when we make the recommendation. After that, it is up to the Government to decide

what to do with it.

**Senator Paul Gavan:** There has been a precedent in the past. I remember in 2007 that there were two increases in the minimum wage. Why could the commission not look at something like that, given the exceptional circumstances that these low-paid workers now find themselves in?

**Mr. Ultan Courtney:** The commission has looked at tranches and people have put forward the idea of tranches, as such, but we felt that the best approach was to deal with one increase from 1 January 2023, which the Government has decided it will implement.

**Senator Paul Gavan:** Mr. Courtney has conceded that on his prediction for inflation next year of 4%, that inflation is effectively, as we know from yesterday's statement, going to be twice that.

**Mr. Ultan Courtney:** It is not our prediction but is the prediction we took on board, together with much information from different sources which have proven that will not happen. Nobody is sure at this stage what is actually going to happen. There have been many shocks to the economy, to businesses, for workers and employers and at the end of the day trying to predict what will happen is very difficult.

**Senator Paul Gavan:** Again, I am conscious of time and I appreciate Mr. Courtney's answers. Has the Low Wage Commission ever stated that a living wage should be equivalent to 60% of the medium wage?

**Mr. Ultan Courtney:** Has it ever stated?

**Senator Paul Gavan:** Yes.

**Mr. Ultan Courtney:** What does the Senator mean by that? I do not fully understand the question.

**Senator Paul Gavan:** It is straightforward question. Has the Low Wage Commission ever definitively said that a living wage should be equivalent to 60% of the median wage?

**Mr. Ultan Courtney:** The Low Pay Commission has recommended a move towards it. That is what our recommendations are saying, that it would do that over time. It has also looked to move on from that figure to possibly up to 66%. That is an ambition that has been put to the Government to consider and is what it is currently considering on the living wage.

**Senator Paul Gavan:** That is important and I appreciate that Mr. Courtney has put that on the record because the Tánaiste has previously said that a living wage is 60% of the median wage. That is not something that the Low Pay Commission has ever actually said.

**Mr. Ultan Courtney:** I am saying that that is something that we are working towards. It is quite clearly in our deliberations and report that the international evidence as to what the definition of what a median wage is, and the percentage of that wage, is something we are working towards. I am not so sure what the question the Senator has is on that.

**Senator Paul Gavan:** It is important. In fairness, Mr. Courtney has been very clear on this point and I appreciate that. In its submission, the Low Pay Commission mentions the figure of 66% as the ultimate destination. The 66% figure is significant, is it not, because that is where we define low wages and anything below that is-----

**Mr. Ultan Courtney:** That would be fair comment. It will also be fair to say that the journey is not complete and nobody here is today saying that it is.

**Senator Paul Gavan:** Good.

**Mr. Ultan Courtney:** Everyone is saying it is a journey we are on. It was significant for the commission unanimously and together, for workers, employers' representatives and independents to believe that that was something that should be considered. One of the things that one discovers in this whole process is that the information available to a person is not as good as one would want it to be and we have made decisions based on the information that is available to us. It would be important to recognise that this is something we must look at if we reach the 60% of the median wage, and that the potential and possibility of looking at the 66% is something we should do. That is a signal, is a very clear one that is progressive, and is looking at an increase.

**Senator Paul Gavan:** I understand that even in Tory Britain, its aim, officially, is to go to the 66% figure. Is that the case?

**Mr. Ultan Courtney:** That is correct but it is doing it incrementally over time. There are other people doing different things. As for the Irish experience, the last thing we want is to do more harm than good and cost people jobs or hours or make businesses uncompetitive.

**Senator Paul Gavan:** The Government has said it wants this done in four years. The Minister of State, Deputy English, said that to me last night on the radio. Has the Government said that to the commission?

**Mr. Ultan Courtney:** The Government has not made its actual decision, as I understand it, to communicate with us. It is continuing with its deliberations and consultations. When it comes back to us with whatever remit it asks us to look at, the commission will consider that and-----

**Senator Paul Gavan:** Right now, with this new increase, I think we are at about 51.9% of the median wage. That leaves us a hell of a way to go to doing it in four years. How does the commission see that happening?

**Mr. Ultan Courtney:** If that is the remit, that will have to be done. If all the economic indicators stay in the right place, which is the difficulty, it should be able to be done, as long as it does not do harm. That is the issue. We do not have the depth of information or the research on people between the ages of 60 and 66. Even below 66, the Maynooth University report states some research says it will not have a substantial impact on-----

**Senator Paul Gavan:** Yes, the report is very clear on that.

**Mr. Ultan Courtney:** Yes, but beyond that, we get into territory that is not clear, and that is the difficulty we have. As a low pay commission, we quite clearly have a mandate to try to increase the pay low-paid workers have-----

**Senator Paul Gavan:** That has not happened in the past three years, though. I need to move on.

**Mr. Ultan Courtney:** Of course.

**Senator Paul Gavan:** I thank Mr. Courtney. I apologise but I have only a minute and 33 seconds, like my colleagues. What do the witnesses make of the arguments they have heard

about what I regard as an overly cautious approach to raising the minimum wage? As was pointed out, it has been a pay cut in the past three years. What are the prospects of the Low Pay Commission actually delivering the living wage to which the Government says it is committed?

**Mr. Gerry Light:** I will pick up on that because I come to this issue and this whole subject with considerable inside knowledge from having been a commissioner for six years. I was one of the founding low pay commissioners on the Low Pay Commission. The argument is not new to me. I have heard it constantly through the years. It is about the rate being driven to a certain level and the negative impact or the potential consequential impacts.

On the Low Pay Commission, my colleague, Patricia King, the general secretary of the Irish Congress of Trade Unions, and I were very keen to use the considerable budget available to the commission to commission new research because there was a dearth of research, as Mr. Courtney said, and there probably still is. All research has clearly shown that despite all the sabre-rattling and scaremongering that the impact of a particular rate and above that rate will in some way cost jobs or reduce earnings, that has not proven to be the case up to this point and is not supported by any credible research. I certainly never heard in all my years a low-paid worker urging caution against getting a pay increase. Such arguments always came from the employer side on the commission. It continues to make such arguments. Looking at the minority report this time around, the difference is stark in that the worker representatives say the increase should be higher, there should be two phases and it should be introduced over the course of this and next year, while the employers are requesting that it be phased in, which is an absolutely nonsensical suggestion in respect of the workers we are talking about. That certainly would not be in any way progressive, as far as they are concerned.

**Chairman:** I thank Mr. Light and Senator Gavan. Senator Gavan's time is up, unfortunately.

**Senator Ollie Crowe:** I thank our guests from the Low Pay Commission and Mandate for their time. May I ask the representatives from Mandate their view on yesterday's budget and the impact it will have on low-wage workers, in particular with regard to the expanded GP card eligibility, the social welfare initiatives and the energy credit? What is their overall assessment?

**Mr. Gerry Light:** I will come in on that first.

**Chairman:** The purpose of the meeting is clearly to discuss the Low Pay Commission, so if you propose to answer that question, Mr. Light, be very brief.

**Mr. Gerry Light:** I will.

**Chairman:** I want to focus on what is topical-----

**Mr. Gerry Light:** Absolutely, and I will assist you, I hope, in that regard. Like all budgets, it is a mixed bag. I will be succinct. I do not think any increases in social welfare supports or State supports are a replacement for decent wages. Already this morning I heard an employer spokesperson on RTÉ radio say, when answering a similar question put to them, that it was great the welfare supports have increased because it takes the pressure off employers to increase wages. I will leave my comments on the budget at that.

**Senator Ollie Crowe:** I thank Mr. Light. Between February 2015, when, as we are aware, the Low Pay Commission was established, and July 2021, prices increased by 4.4%. In February 2015, the minimum wage was €8.65, as we are aware, and in July 2021 the commission

recommended a minimum wage of €10.50 an hour, which, naturally, the Government agreed to. That was a 21% increase over the same period when there was only a 4.5% increase in prices. Clearly, for a variety of reasons, we have seen much higher inflation most recently, and that needs to be addressed, but does Mandate accept that, prior to the recent surge in inflation, and certainly until July 2021, the Low Pay Commission was ensuring the situation of lower income workers was improving consistently?

**Mr. Gerry Light:** We always ensured we did our best in respect of the most vulnerable workers in society. As a member of the commission, I and my colleagues certainly tried to ensure that. What is critical is where we are going in the future and what low-paid workers are confronting today as we sit in this committee room. I will not go over the points Senator Gavan has made, but the linkage between the past three years, the effective pay cut and the median wage has drifted further away. That is the important thing we need to consider. In that context, we have put in a submission with specific targets and specific rates contained within it. The minority report also clearly outlines a much more realistic and fairer approach for low-paid workers. After all, one in five workers in this country is on low pay. It is one of the highest rates, if not the highest, in Europe. I am not coming back to the question about the budget, Chair, do not worry, but 1 million of those workers, nearly a third of them, earn wages that are so low they are not even in the tax net. The way to look at this situation, then, and it is to be hoped we are all in this mindset, is to look forward now, address the real challenges that face low-paid workers today and move forward to ensure they do not drift further into working poverty.

**Senator Ollie Crowe:** May I clarify Mandate's view on the potential for a €14 minimum wage to create job losses? Is it Mandate's view that if a business cannot afford the rate, that business is not sustainable anyway? What exactly is the outlook? I am trying to understand whether Mandate looks at this solely from the perspective of the workers or whether it also looks at it through the wider economic lens.

**Mr. Gerry Light:** Again, I come from the perspective of six years' experience. We have always looked at this through the wider economic lens. It is always important to remind committees such as this, as we remind ourselves regularly, that there is ample consideration in the low pay legislation for any employer who cites inability to pay. They can go to the Labour Court and lay out their case and, as always, I presume the Labour Court will give a very fair and balanced consideration of their case. The broader perspective is looked at, and I am sure my colleagues now on the Low Pay Commission, and Mr. Courtney has said it himself this morning, look at the broader perspective. It is unfortunate that, at times, businesses will have to consider whether they are viable if they cannot afford a statutory minimum rate of pay. That is a consideration they must look at but, as I have said, for those businesses that look to the State to supplement low pay, I do not think that is a viable business model going forward.

**Senator Ollie Crowe:** I will leave it at that for the moment.

**Chairman:** To echo the comments Mr. Light made, there is a provision under the National Minimum Wage Act that any employer struggling to pay the wage can go to the Labour Court on that. That provision has been there for years.

Deputy Bruton has indicated to speak. He is sharing time with Deputy Stanton.

**Deputy Richard Bruton:** I believe we should increase the national minimum wage as fast as is sustainably deliverable, and that qualification is what I wish to explore a little with both speakers. When the commission looks at setting the minimum wage, which it set at an

increase of 7.6%, what are the factors other than inflation which it has to look at? I know that's yesterday's budget, for example, indicated that domestic growth would be very weak next year so businesses will be in a more difficult environment, with just 1% growth in the domestic economy. Perhaps the Low Pay Commission can explain how it put that calculation together.

On a question to Mandate, it says Government measures should not influence what an employer pays. It is the case that, at the moment, the economy is being asked to pay €10 billion extra in energy due to external factors. That is €10 billion taken out of the economy and we have no control over it. Given the Government is trying to shelter people and businesses from the impact of that, is it not valid to say that, if the Government can avoid a wage-price spiral in Ireland, it should be doing so, and part of the motivation of the Government is to prevent excessive wages at a difficult time? Is that not a reasonable position? I believe that has motivated the Government in the things it is doing on rent, working family payments, electricity, GP cards and so on. I would like to hear the Mandate view on that. In trying to accelerate the growth of the national minimum wage, I feel we have to look at things like an energy crisis of such scale, and that does modify what we do in that period.

**Mr. Gerry Light:** I will deal with that question after the Low Pay Commission responds to the first question.

**Mr. Ultan Courtney:** There are quite a number of issues that the Low Pay Commission is required to take into consideration, including changes in earnings, currency exchange rates, income distribution, unemployment, employment, productivity, GDP, modified domestic demand and inflation, which in the year to May 2022 was 7.8% while the forecast by the ESRI at the time was for 4.4% into 2023. It also commissions research from Maynooth University and the ESRI makes a lot of valuable contributions. Many contributions come from submissions that people make, such as small employers and the unions, including Mandate. All of that goes into the mix to try to make a recommendation.

We are constrained by what we are asked to do. We literally cannot make it up. We cannot just decide on an increase because we think that is the right increase. We have to take account of all of these things. There are two main issues. The main thing is obviously to do what we are tasked to do. I was interested to hear the Deputy's comment about a fair and sustainable increase in low pay. That is what we are here to do as well over time, but we are tasked also to ensure that we do not impact on employment and competitiveness, which would be a negative impact for the workers we are trying to help at the end of the day. There are lots of good reasons for raising the minimum wage and there are negatives to doing it as well but, overall, we want to try to improve the position for people without having the net effect of a deterioration in jobs in the economy or of making the economy worse off.

The critical difficulty, as noted in the discussion with Senator Gavan, is the inflationary impact which is now impacting on what we do. We have not had that for the last ten years or so. That has been a period of price stability from which we have all benefited. Trying to get inflation back down is a critical matter which helps us inordinately in our work as well. The last thing we want to do, and it is the same problem the trade union movement faces, is to do wage deals that do not have a real increase in income. Everybody states that the public sector pay deals that were done in Dublin Bus, Bus Éireann and Irish Rail, organisations that I had dealings with, will all have to face that. They do not seek to try to put them beyond inflationary pressure because we all know, particularly those who went through all of this in the 1970s and 1980s, what a wage spiral does. It takes away the good of what we are trying to do, which is to improve the lot of those who have the least.

**Mr. Gerry Light:** My colleague wants to come in as well on the back of this response. First and foremost, I want to be very clear on the point I made. I have always maintained the position, both as a trade union official for many years and as a member of the Low Pay Commission, that the primary responsibility to pay a decent wage rests with an employer. I have already quoted the attitude of one employer I heard this morning that in some way what happened in the budget yesterday is substituting responsibility or taking away that responsibility from an employer to pay a decent wage. That is always the primary responsibility.

Based on my years of experience on the commission and also based on the research that has been carried out on the issue, I do not accept the point made by Mr. Courtney. He talks about the activity largely within the unionised sector. We have to realise that the workers we are talking about are predominantly non-union. They are the lowest paid workers in our society and I do not believe that a decent pay increase for them has the potential to spike inflation in any major way. Again, previous research has shown in respect of competitiveness and productivity that one of the important points is that many of the jobs we are talking about are not internationally comparable and they are very much in the domestic economy. There is no evidence that a decent wage for low-paid workers, the most vulnerable in our society, spikes inflation.

**Deputy Richard Bruton:** That was not the question I asked. If we are in a situation, as we are at the moment, where €10 billion extra has gone out of the economy to pay for oil and gas and we have no control over that, and it is gone and is not in the hands of employers or in the hands of the Government, and if the Government intervenes as it did yesterday to try to cushion the impact on workers, is it not legitimate for that to be reflected in lower pay settlements in this time of crisis? That is the question I am asking. It is not about this long-term theory that people say that many jobs will be lost. It is just that, at the moment, with very flat demand and employers like everyone else having big challenges, is the Government intervention not legitimate and does it not modify the need for pay increases during this crisis, even though we have the ambition to move as quickly as is sustainable to the higher levels? That is the question.

**Mr. Gerry Light:** I understand the question. I do not accept the proposition that it is either one or the other. Why can it not be both for low-paid workers?

**Deputy Richard Bruton:** What does Mr. Light mean by “both”?

**Mr. Gerry Light:** Both a decent pay rise and also some intervention by the State in respect of dealing with their burdens.

**Deputy Richard Bruton:** The decent pay rate is what the Low Pay Commission decides from year to year, but what that is in a given year takes into consideration things that are happening in the rest of the economy. It does seem not unreasonable that in a time of such uncertainty, Government intervention to protect people would be reflected in the pay demands that accompany that in the economy. That is the only point I am making. I do not think that is an unreasonable balance to expect to work through.

**Mr. Gerry Light:** The important thing is ensuring that balance does not go out of kilter so that, in some way, the State is seen by employers as taking responsibility to deal with low pay within their enterprises. That is the concern we have and, as I said, the comments this morning, not that they surprised me, were very unfortunate.

**Deputy Richard Bruton:** Yes, but what we are discussing in today’s context is whether the 7.6% is striking a reasonable balance or not. I am just saying there is contention that it is not.

I am trying to see what is the Mandate reaction to some of what, if employers were here today, they might be saying to us.

**Mr. Gerry Light:** I know full well what they would say. Before I finish, and on a point we have not made thus far, among all of the low-paid workers, particularly workers who are on minimum wage, a large cohort are young people. They still have to deal with what I believe is the discriminatory framework of the Low Pay Commission structure and the minimum wage, which has a rate which is below the full rate. Any other worker in this country would be citing a case for discrimination. We have legislation that deals with age discrimination yet it still prevails. I point out to the committee that, if we are looking at other ways, and making recommendations or suggestions beyond the Low Pay Commission and trying to influence that, there are certain areas that are adequately outlined in the minority report. One area that probably is not touched on sufficiently is the plight of young, low-paid workers.

**Chairman:** I remind everyone that only three minutes remain in this slot. Does Deputy Stanton wish to comment?

**Deputy David Stanton:** I will participate in the second slot.

**Mr. Jonathan Hogan:** I shall respond to Deputy Bruton. Ireland does not have a social wage economy. We do not have a welfare State. Yesterday we heard about a once-off spend that does not even address the housing crisis. Many of the people who are affected by the housing crisis are young workers, which the national minimum wage and the Low Pay Commission did not address to the satisfaction we believe should have been addressed in the recommendations.

The budget provided very little help for the student population. Many Mandate members who work part-time have telephoned the organisation to tell us that they have deferred their college places because they cannot find accommodation and cannot afford accommodation if they find it, yet the Low Pay Commission has recommended that some of these people who are under the age of 20 should get a lower rate because of their age. Deputy Bruton is disingenuous to refer to what happened yesterday because, traditionally, Ireland has one of the lowest rates of public spending per person in the European Union and that must be taken into consideration.

We do not know what the median wage is made of that has been discussed the length and breadth of the recommendation by the Low Pay Commission and perhaps the commission tell us. I understand that the median wage is comprised of a whole host of wage rates but that inflates the average wage, which does not reflect the workers we represent in the retail sector because they are all low paid, paid by the hour and not guaranteed a weekly wage. Many of these workers' pay goes up to certain bands and their hours fluctuate from week to week. These are the people we represent.

**Deputy Richard Bruton:** In case the budget is misrepresented I feel that it is important to point out that the budget provides €1,000 for students straight away; an extra payment as part of the maintenance grant; increases in the maintenance grant from January next year; the electricity supplement; and a rent tax relief. I would not like a political view of the budget to be presented without contest.

**Chairman:** The next person to speak is Senator Marie Sherlock and she has seven minutes.

**Senator Marie Sherlock:** I thank the representatives of the Low Pay Commission and the Mandate trade union for being here. As a former union official who for years soldiered with Mandate on these issues concerning the minimum wage, I am delighted that the Mandate trade

union is represented here today.

My first question is for the Low Pay Commission. Some people perceive the minimum wage as a transient or temporary first wage for people when they enter the labour market while others have a different view, including the trade union movement. Can Mr. Courtney give me some insight into how the commission perceives the national minimum wage?

**Mr. Ultan Courtney:** Quite simply, the national minimum wage is an important component of the national economy. Its history is very simple in that there was no real organisation or representation for people at the lowest level of earnings within the economy. At the time there were allegations of exploitation, misrepresentation and no representation of people at that particular level. The Low Pay Commission and its predecessors came into existence to do something about that and give safeguards.

Mr. Gerry Light was quite correct to say that there is no collective bargaining for that very indistinct group of people that was made up of very different components. For example, the group is comprised of a large percentage of young people. There is also a regional mix. That means the minimum wage is more important the further south, west and north one travels but less important in the midlands and eastern regions. The minimum wage is also important in particular sectors such as accommodation, wholesale and retail areas. It is important that recognition is given to the fact that the group is made up of different groups.

The problem for us in the Low Pay Commission and for organisations who wish to make submissions is to address all of those different groups or combinations or segments of particular sectors with one recommendation that fits all. As members can see, that does not always work because people have different inputs into that. Some people say we should not do this or that which makes it extremely difficult to create a joint recommendation. It would be much easier if we had collective bargaining with a company or firm and dealt with a particular union where both parties had much more perfect knowledge of the circumstances of the business so in that sense it is important.

Form the perspective of the Low Pay Commission, commissioners are all fully conscious of how important the minimum wage is to anyone who gets it. We do believe that it is important as an entry point in terms of people progressing. Evidence shows that people, and sometimes up to 30% of those people in a nine-month period, progressed to the next stage of their pay within the business so the minimum wage can facilitate that. The minimum wage can also facilitate people who wish to pursue further education and do not want to work as many hours as they did. It can act as a very important mechanism for ensuring that people progress within the economy and I think that is important. I am sure that most of us will remember that before one could get secondary education people did not have the education or ability to seek higher paid jobs, which is one of the transformations that has happened in Ireland over the past 70 years.

**Senator Marie Sherlock:** I am glad to hear that Mr. Courtney express his support for collective bargaining. As he will be aware, we do not have a right to be recognised for collective bargaining purposes in this country and I look forward to him giving me his support on that issue in the future.

Mr. Courtney made an important point about the minimum wage being a stepping stone. That is how some people perceive the minimum wage and we know that from the data. I give huge credit to the Low Pay Commission for upping its game over the years in providing data and undertaking research. As a result we know the following - 56% of all of the people who are

paid the minimum wage receive it for a year or more and 23% receive it for four years or more so a very large cohort of workers hugely depend on the recommendations made by the Low Pay Commission for increases in their pay because they are not going to get that anywhere else.

When exactly did the Low Pay Commission issue its report to the Government this year?

**Mr. Ultan Courtney:** In July.

**Senator Marie Sherlock:** The commission's recommendation has two parts - a 30 cent and a 50 cent increase and I cannot see anywhere in the recommendation that we must wait until 2023 for the 80 cent in total increase to come into force. Did discussion take place with the Government on when the two components would be introduced?

**Mr. Ultan Courtney:** I have had no discussion with the Government on the matter and that is the work of the commission, which is an independent body. The commission determined that the increase should have two components, which the Senator correctly pointed out. We just wanted to take account of an increase in the overall amount of the money involved and also a correction. We believe that it was important to have a correction because the increases before that had been quite low.

The commission had been quite prudent in its response, which is understandable in the crisis being faced in terms of Brexit and Covid-19. Nobody was sure what was going to happen, many businesses closed and many people survived on the schemes that the Government had put in place so the commission was understandably cautious. We felt that with better information and the way things were going, we could make a correction.

It is important to note in terms of the living wage proposal that the commission would have the power to speed things up if necessary or slow them down. If we were going to go into a major recession then we must take account of that situation. If the economy still manages to grow, and the economy is able to take it and it does not impact on competitiveness then we are going to move faster in terms of the implementation.

**Senator Marie Sherlock:** None of that appeared in the recommendations, Mr. Courtney. It is a real concern that the commission does not reflect in its recommendation that there may have to be future changes to the minimum wage rate.

I wish to ask about engagement with research. Earlier Mr. Courtney said that the ESRI had forecasted an inflation increase of 4% for next year. Has the Low Pay Commission factored in that when the ESRI forecasted 4% that the institute believed the percentage reflects the base effect of a radical increase in inflation in 2023? I am confused as to why the commission would knowingly recommend a real pay cut in the face of the forecasting that the ESRI proposed for this year and for next year.

**Chairman:** The Senator is well over time. It is okay if the commission wants to respond briefly.

**Mr. Ultan Courtney:** It is quite clear at the time that the decision was made in on this particular matter what the inflation predictions were at that time and we were satisfied that was the best decision we could make in those circumstances.

**Chairman:** I thank Mr. Courtney.

**Senator Marie Sherlock:** I am sorry, Chairman. Just to say clearly, the ESRI forecasting

was inflation, between 2022 and 2023, of 11.4%.

**Chairman:** The Senator is well over time.

**Senator Marie Sherlock:** Go raibh maith agat.

**Chairman:** The Senator has taken two extra minutes there. It is not fair to the members waiting. Deputy Paul Murphy is next.

**Deputy Paul Murphy:** I thank our visitors for their submissions.

To pursue that further, in the presentation from Mr. Courtney, he states, “When we made our recommendation of a 7.6% increase in the national minimum wage inflation was predicted to be 4% in 2023”. The Minister for Finance yesterday predicted that inflation will be 7% next year. If Mr. Courtney had that information then and if the projections then were that inflation would be 7% next year, would a different recommendation have been made for a higher increase?

**Mr. Ultan Courtney:** I honestly do not know the answer to that because it is hypothetical. I will give the Deputy a short answer on that. As a commission, we would always have to take consideration of changing circumstances. We try to have the most up-to-date information available and try to read it in the best way we can going forward. I honestly do not know the answer to the question.

I would be concerned - Mandate has made this point too - in relation to doing more harm than good. What I mean by that is all of us start chasing inflation in the economy and we end up in a situation where inflation gets out of hand and we cannot control it.

**Deputy Paul Murphy:** In his opening statement, Mr. Courtney also made reference to “the need to avoid a wage price spiral”. Is there any evidence of a wage price spiral in this country?

**Mr. Ultan Courtney:** Thankfully, not at the moment, and hopefully not.

**Deputy Paul Murphy:** What is inflation at?

**Mr. Ultan Courtney:** Pardon?

**Deputy Paul Murphy:** What is the rate of inflation at the moment?

**Mr. Ultan Courtney:** The rate of inflation is, I think, 7.8%.

**Deputy Paul Murphy:** I think it is 8.5% this year and will be 7% next year. We have very high rates of inflation, yet wages have remained largely stagnant.

**Mr. Ultan Courtney:** The Deputy is quite correct. In real terms, wages will reduce but that is not unusual in a situation where one gets high inflation.

**Deputy Paul Murphy:** My point is we have inflation now and yet wages have not increased. Does Mr. Courtney agree that the inflation we are experiencing is not caused by wages increasing?

**Mr. Ultan Courtney:** I accept that. There is no evidence of that. The commission has made reference to that in its report. It is something we fear; it is maybe through my own experiences back in the day. We fear it as such but there is no evidence of it.

**Deputy Paul Murphy:** Does Mr. Courtney agree that there is a profit price spiral taking

place at the moment and that profits have soared internationally and that is a key factor in driving inflation?

**Mr. Ultan Courtney:** Without a specific question regarding what profits have increased, what does the Deputy mean and who does he mean?

**Deputy Paul Murphy:** In this country, ten years ago profits were at €40 billion; they are now €120 billion. They have trebled, therefore, over a ten-year period.

**Mr. Ultan Courtney:** But there has been wage growth across the economy as well, which has decreased the bite in relation to the minimum wage. There is that.

I do not disagree that there has been a growing economy. That is quite clear.

**Deputy Paul Murphy:** I am not talking about a growing economy; I am talking about growing profits. The Low Pay Commission is pointing out the danger of a wage price spiral. Does it not take into account the danger of a profit price spiral?

**Mr. Ultan Courtney:** I never heard that term used, to be quite honest with the Deputy, but it is a fair point to make. As a commission, it is often said people look at what is happening at the lower end of the scale without looking at what is happening at the top end of the scale. It is hugely important to understand that any increases in money in the economy in an inflationary situation could lead to a wage spiral. One would, as various Ministers have referenced previously, make sure that there is no situation where people are making profits that are not acceptable in society. That is a different issue but it is for Government to deal with.

**Deputy Paul Murphy:** Okay. I will move on, although I wonder whether we should have a high profit commission as well as a Low Pay Commission.

Regarding to the question of subminimum wage rates, Mr. Courtney and the commission seem to agree that it is okay to have people doing identical work, with 17-year-olds on 70% of the minimum wage, 18-year-olds on 80% and 19-year-olds on 90%. How is that justified, either for those workers themselves or for the impact it has on wage levels generally in creating this subminimum wage rate?

**Mr. Ultan Courtney:** That is another important question. The Government has tasked us to look at that again. I welcome that review because it is something to get submissions on and to listen to what people have to say as to whether that is something that is still sustainable going forward or not sustainable in a growing economy. Traditionally, there are various ways of dealing with these kind of issues in relation to age and experience, whether using increments and so on. Whether they are still appropriate is a question. I think it is open. It is a valid question for review. The commission would nothing but a good report on that. I would like to come back to the committee with that to see what conclusions we come to.

**Deputy Paul Murphy:** I will turn to someone from Mandate, either Mr. Hogan or Mr. Light.

**Mr. Gerry Light:** I look forward to that report being issued as quickly as possible. As the Deputy probably will recall, in the initial legislation that was set out there were two subminimum rates. I and my colleague, Ms Patricia King, were successful in having the training rate removed. We clearly then targeted the age-related rate. That is something that should be addressed as soon as possible because the difficulties being faced, particularly by young people

and those who are on low pay, are not in any way diminishing and they need every support they can get.

**Deputy Paul Murphy:** In the EU directive on adequate minimum wage rates, which is really what is driving this 60% issue and where it is coming from, there is an important article referring to collective bargaining, which is where there are less than a certain number of workers covered by collective bargaining - in Ireland, we are substantially less - the Government needs to produce an action plan to promote collective bargaining and it needs to be made public and notified to the European Commission. Has Mandate had any engagement or, as far as Mandate is aware, has ICTU, with the Government on developing this action plan for collective bargaining?

**Mr. Gerry Light:** That remains one of the key campaign targets for ICTU and, indeed, Mandate in the current year until we achieve a more favourable position with collective bargaining. There is no doubt that with the existence of a statutory right to collective bargaining, and we mentioned it in our submission, along with proper access to workers, one can start to meaningfully tackle low pay, whether within the unionised or non-unionised sector. That is a key target and a key objective.

**Deputy Paul Murphy:** However, the Government has not been engaged in it yet. In terms of an action plan, have they, that Mr. Light is aware of?

**Mr. Gerry Light:** There has been some engagement. I am not directly involved in it. There has been some engagement but it certainly remains a key target to achieve that objective for the trade union movement as a whole.

**Deputy Paul Murphy:** Perfect, I thank Mr. Light. Finally, Mandate asked, "How can we have faith in a process that leads to pay cuts and declining living standards for workers?" I agree 100%. What conclusion does Mandate draw about what changes need to be made to this process?

**Mr. Jonathan Hogan:** We have no sense of, as I said earlier on, where the median rate - that hourly rate - derives from and what is included in the calculation of that.

With regard to the report that Mr. Courtney referred to on subminimum rates, it is simply outlandish in this day and age to talk about a report required to justify the withdrawal or continuation of these rates. It is discriminatory. Age is one of the nine grounds under equality legislation.

It is simply a case of trying to justify why it is still here. There is no justification. It is a scandalous attempt, by the Government or the Low Pay Commission, to push this issue down the road and it is exploitation of workers under a certain age.

**Chairman:** I thank Mr. Hogan. I thank Deputy Murphy, whose time is up. I call Deputy Shanahan.

**Deputy Matt Shanahan:** I thank the Chair and our guests. I join with colleagues in saying that we all want to see people having a reasonable standard of living and getting a reasonable wage but we have to also understand that there is such a thing as ability to pay. Off the top of his head, could Mr. Courtney tell me how many minimum wage workers are employed in the public service or in the multinational space as a rough percentage of their overall working number?

**Mr. Ultan Courtney:** We do not have that breakdown of information. We have the overall figure, which now stands at 164,000. Beyond that, we do not have a breakdown. I am afraid that information is not available.

**Deputy Matt Shanahan:** Does Mr. Courtney think it is a high number or a low number, or possibly even a very low number?

**Mr. Ultan Courtney:** I have no indication at all.

**Deputy Matt Shanahan:** I suspect it is quite a low number to be honest.

**Mr. Ultan Courtney:** The Deputy is probably correct in that. I suspect it is but I could not say with certainty.

**Deputy Matt Shanahan:** The point I am trying to make is that many of the conversations we are having here regarding low pay are largely around the private sector and commercial enterprise. Within that, we have many different sectors. The broad-brush approach to pay that I hear unions talk about does not apply. A company that was topical a couple of years ago was Debenhams, where a significant number of people were employed by a multinational on low-paid contract hours. I do not think anybody could think that what happened there was just treatment of workers.

However, that policy cannot be applied to small businesses, especially rural and regional employers. I will give a simple metric. If one employs four low-paid workers, in which one can include oneself as a promoter, one's annual wage bill, including employer cost, will be close to €100,000. If one is working off a 20% revenue model, which many businesses are, that means one needs to turn over €500,000 to cover those costs. I challenge many people at the meeting to develop a business, employ four people and see how successful they will be in developing €500,000 in annual sales.

Many businesses are struggling. They are having a difficult time in the current business environment and wages are just one of the significant cost burdens that they bear. I can tell Mr. Courtney, as someone who has run businesses, that many will not bother to go to the Labour Court to cite inability to pay. They will reduce their working time and the number of operators they have and they will change their systems of how they do their business to try to reduce the employment component within that. That is a significant problem in the economy.

As Mr. Courtney has made reference to, having a low skill set is a problem in getting a decent wage because, ultimately, it feeds into how much people are worth. Having said that, the economy has been doing quite well up until now and most workers are getting a reasonable wage. The budget yesterday was certainly favourable to the lower paid and the public service has to support low-paid working in terms of healthcare, medical card access, employment subsidies and family income supplement because small businesses cannot carry that. I am inundated at present with small business owners who are in serious trouble because of inflation in the economy. I hear people here talking about employers being very hard on employees in what they pay. Some members on this committee are not living in the real world.

Mr. Courtney said the terms of reference of the Low Pay Commission are fairly narrow. Will he tell me how many employer groups on the commission deal with the SME sector?

**Mr. Ultan Courtney:** There are three employee-employer representatives. What I mean by that is people who are appointed by the Public Appointments Service, PAS, on the basis that

they expressed an interest in being the employer person on the commission as such. I do not know if there are particular profiles. One relates to hotels, another is IBEC and the other has a great deal of experience in dealing with accountancy in many small firms. There is quite a-----

**Deputy Matt Shanahan:** Is the Irish SME Association, ISME, one of the representative groups to which Mr. Courtney referred?

**Mr. Ultan Courtney:** No. We do not have designated or nominated organisations. We have people who have expressed an interest through the PAS in representing the employer or employee interest. I do not believe there are any nominating bodies as such but, certainly from my experience, no matter whether the representatives come from the independent employer side or the employee side, they are very knowledgeable about what they are doing.

The other safeguard we have in mind for that is that we take many submissions. I think we have taken 297 submissions. We talk to various organisations, including ISME, IBEC and ICTU to get their insights. Much of what the Deputy articulated is what many smaller companies, in particular, are saying. He is quite correct that there is a smaller profile of companies that are entrepreneurs who have taken considerable risk and find the challenge of business at present extremely strong. They tell us they find it difficult to absorb or pass on any costs and, at the end of the day, to keep going. That does not mean they will not. They will do whatever they can to safeguard their investment and jobs going forward because they want to be there in the future.

**Deputy Matt Shanahan:** I wish to see the Low Pay Commission engage, which I know it does, with the Departments of Enterprise, Trade and Employment and Finance to see how the public service can do more to mitigate the costs felt by people in the low paid area, that is, with regard to accommodation, healthcare and training.

We are also facing a tsunami of low-paid jobs in this country being overtaken by technology. Nobody is looking at this problem. There are forklift drivers working in logistics companies who will, over time, be taken out by robotised pallet systems. That is just one area of many. Nobody is talking about this but, as wages rise further and technology becomes cheaper, more and more of this will happen. We need to discuss this problem and how we will upskill people and try to point them to employment that will pay them properly in the future.

**Deputy Louise O'Reilly:** I welcome Ms Pyke and all the other witnesses. I will make a remark I do not mean in an offensive way but we all know that women are overrepresented in low-paid work. It is regrettable. I welcome the woman who is here but I regret that there are not more women because we are disproportionately represented among the low-paid, as Ms Pyke and the other witnesses will be aware.

A simplistic narrative emerging from the Government is one in which we cannot give poor people too much money because they might cause some kind of a massive inflationary spiral, yet there appears to be some necessary supports put in place for business that will not, somehow, contribute to inflation. Will Mr. Courtney square that circle? It seems counterintuitive because, on the one hand, we all know that the money put into the pockets of low-paid workers does not sit in investment funds or languish in bank accounts, but goes straight back into the economy while, on the other, we are told welfare is good for business and will not increase inflation. Mr. Courtney expressed a high degree of concern about wage inflation spirals. Does he not see there is a danger that welfare to businesses could contribute to inflation?

**Mr. Ultan Courtney:** It is a very good question because I would not like anyone to leave

the meeting today thinking that there is only one focus, which is that inflation can have only one cause. It can be caused by many different factors, including supply-side shocks such as the oil crisis we had in the 1970s and the energy crisis at present. The hope is that something such as that is short, sharp and then ends. The concern is that will go on and we will continue to have an inflationary increase. That can continue to be exacerbated by prices and sometimes by people sometimes taking profits that are too high. Minister have referred to that but I do not have evidence of it. I do not know whether that is happening, nor do I have evidence of it. That is an issue for Government, but the Deputy is quite correct. It would be wrong to leave here today and say it is all the fault of this group or that group; it is not. Inflation is invidious and insidious because once it gets into one part of the economy, it spreads and continues to spread and we have a real problem.

**Deputy Louise O'Reilly:** I understand how inflation works. I am asking Mr. Courtney a simple question. Does he believe that there should be equal emphasis on wherever supports are going and the contribution they could make to inflation? It seems very one-sided when we talk about low-income workers and the potential for them to somehow spark some sort of massive wage spiral of inflation, which I do not buy.

**Mr. Ultan Courtney:** That is an issue that Government has to address. We have said there should be supports for employers and low-paid workers in certain sectors, if necessary - whatever is needed to bring the balance up. The minimum wage of itself will never do that.

**Deputy Louise O'Reilly:** When Mr. Courtney says, "whatever is needed to bring the balance up", does that mean he is not ruling out a second recommendation to keep pace?

**Mr. Ultan Courtney:** No. I can only go by what the legislation says and what we are required to do. This is what we are required to do. I cannot make-----

**Deputy Louise O'Reilly:** It has been made previously, so in certain circumstances a second recommendation could be made.

**Mr. Ultan Courtney:** Not that I am aware of. No, that was made very clear. This question did come up, and it may have come up in Mr. Light's time on the commission, about when and in what circumstances we make a recommendation. My understanding, and I am open to correction, is we can only make one recommendation in July and that is it.

**Deputy Louise O'Reilly:** Does Mr. Light have a comment?

**Mr. Gerry Light:** The Minister either approves it or does not and has the power to bury that. I would suggest to the Deputy it would help if the commission, in the first instance, were proposing some kind of additional or supplementary increase, even to point towards that possibility. That would at least prompt the Minister to look at it.

**Deputy Louise O'Reilly:** Absolutely. There is chat about moving to a living wage, but 80 cent is nowhere near a major leap or a major step, particularly in light of the current inflationary pressures that are having an impact specifically on low-income workers. Does Mr. Light have any confidence a living wage can be achieved within the lifetime of this Government, however long that may be, or does he think the pace is too slow?

**Mr. Gerry Light:** It is far too slow. I do not have confidence, to be truthful. The Deputy has asked a direct question. Certainly, within the lifetime of this Government no evidence presents itself to make me confident that would be achieved. It is a matter that needs to be addressed

as a matter of urgency.

**Deputy Louise O'Reilly:** Regarding how that is calculated, does Mr. Light have a preference for what does and does not constitute a living wage?

**Mr. Gerry Light:** No. I believe the current model, where the Vincentian Partnership and all of the other partners come together to determine it, is about to recommend an increase in the living wage. That is a very scientific approach in respect of the basket of considerations they take on board in determining it.

**Deputy Louise O'Reilly:** Does Mr. Courtney have an eye to the living wage? Some commentators have said the low level of trade union density in this State more or less rules out the prospect of wage inflation. Even though it is the job of the Government to put some sort of a floor in place, there is no substitute for being an active trade union member. That is the best way to achieve a pay increase at work and always will be. You can hang around and wait for right-wing governments to give you a pay rise that will keep pace with inflation, but all the evidence suggests it will not. In terms of Mr. Courtney's view, does he have in mind a move towards the living wage when he is making his recommendations? Does that factor in when he is considering it? Does he consider the 80 cent as a stopping-off point in that direction or does he just consider it in isolation?

**Mr. Ultan Courtney:** We have to consider it in isolation for the minimum wage given the constraints we have at the moment.

**Deputy Louise O'Reilly:** My time is very tight. Mr. Courtney said he met with representatives from the UK low pay commission. Has he met with representatives from any other countries? I do not think we should be relying on just one.

**Ms Claire Pyke:** The focus on the UK was to learn more about their experience of the transition to the living wage and 60-66%. We have ongoing contact with other-----

**Deputy Louise O'Reilly:** Yes. That was the focus there. If the Chair could indulge me for just one brief question-----

**Chairman:** Very brief.

**Deputy Louise O'Reilly:** We have officials here from the Department of Enterprise, Trade and Employment. There is a quote from a senior Government official in the *Irish Examiner* that says the economy is now relying on data centres, spending on remote working by business, as well as investment by one or two companies. Would that worry either of the officials from the Department? These are senior people. Would they hold the same concerns they do on our over-reliance on data centres and a small number of-----

**Ms Claire Pyke:** I apologise to the Deputy but I do not think we are in a position to comment. We are just here as part of the secretariat. I am not in a position to comment.

**Deputy David Stanton:** The discussion has been very interesting. I remember when the national minimum wage came in first. It was under the Minister at the time, Mary Harney, if I remember correctly. It was a seismic change. It is now embedded, thankfully, and we talk about it as being normal. As Deputy Bruton said, we want it to be sustainable. We want people to get the most they can out of it.

I notice in Mr. Courtney's recommendation that he says it is not a panacea and that the

minimum wage will not now compensate workers for inflation and recent increases. He goes on to say that the supports to low-paid workers should be considered in the context of budget 2023, which, as Deputy Bruton pointed out, has happened. Mr. Courtney also states the budget should be a cost-of-living budget and the commission recommends that additional measures be taken to support the minimum wage and low-paid workers. Am I right in saying that, when Mr. Courtney is making his recommendation, he is factoring in supports from the State to low-paid workers as well? Mr. Light seems to feel that should not be the case, that it should be an add-on. Correct me if I am wrong. There seems to be a situation where the State is supporting low-paid workers to quite a large extent.

One figure I noticed is that the number of people receiving the working family payment has dropped quite a bit from 2016 to this year, by almost 9,000. I do not know why that is. Perhaps Mr. Light can explain why that might be the case, given we are at almost full employment. We have 4.5% unemployment, which is essentially full employment. That is one question and observation rolled into one.

We should have employers and business in before the committee as well as soon as possible to discuss this. We have all received a lot of fairly startling information from small and family businesses regarding the pressures they are under now, such as the cost of energy increases, the cost of rates going up, the cost of turnover going up in some instances, which is related to rates, and so forth. Many of them are under an awful lot of pressure. I would contend, and I am sure Mr. Light and others would agree with me, that it is better that people be at work and getting the minimum wage, as articulated, and the State supports than to be out of work. I am concerned that we could have a lot of small and family businesses going to the wall in the next few months because they just cannot be sustained. They are telling us that some of the things they might have to do is to reduce hours, reduce labour costs or let people go. We do not want this to happen either.

Mr. Courtney and his team have a tough job in trying balance the competitiveness of the economy with trying to keep people in jobs and to keep businesses sustainable. We live in unprecedented times. People are talking about nuclear war. This is just phenomenal. As Deputy Carthy, I think, said, we have to start thinking about where we are at. This is unprecedented. I am old enough to remember the 1970s and the fuel crisis at that stage. That was scary but it was short and sharp. This is a crazy time we are living in at the moment. I hope we will get to the end of it, but who knows. I will leave it at that. Perhaps the Mr. Courtney could respond.

**Mr. Ultan Courtney:** I thank Deputy Stanton. I do recognise the difficulties. I believe I have already made that submission to the committee about the pressures everybody is under regarding this issue, no matter if they are a worker, an employer, the State or anybody else. The only good news is we have a surplus in the budget and we are able to do something to try to alleviate that pressure. That should, I hope, be a one-off. If it is not, we have a different problem. We have faced this before. We have to figure out how we are going to deal with that, which will require a different response. At the end of the day, the role of the Low Pay Commission is to contribute to trying to find a solution to some of these issues.

There was a very telling comment made, I think by Deputy Stanton, about different times and the sense there is a progression in the thinking on these matters. Certainly, when I was younger, any talk of a minimum wage was seen as completely anathema. It was seen as something that would have devastating consequences for employment. That has not proven to be the case. I believe part of the reason for that has been that the economy has grown. Many of the actual factors we need for growth in the economy are there.

The challenge, and it is a challenge, and I thank the Deputy for recognising that, and while I do not have the answer, I do have a path going forward with the co-operation of the commission, the Government, the Oireachtas, obviously, and everyone else, is to try to get to a situation where a living wage, if it is to be implemented, is implemented in a sensible fashion from which people will benefit. I am a strong believer, and I know all of the members of the commission are, that it is important to keep businesses competitive to provide additional income for people and give them an opportunity to progress and grow into the future. That is very important going forward. Rather than being a low-wage economy, we need to be a higher-wage economy, giving the benefits of that particular growth to, or trying to share the benefits of it with, everybody as we do that. We are constrained by this fear that at the end of the day we do more harm than good. The more information and statistics we get, the better.

I was quite taken aback by a comment in the Maynooth report where it was stated that there was not really any evidence - there was some - that the impact on employment was in any way substantial. That was an eye-opener for me because the traditional economic model suggested there would be. Much of our thinking was framed by that, but the report is also cautious about the 60% and 66% targets. It states that because people are not at that level, there is no information and the academic research is not available to support that approach. Until we get that information, we must be cautious about it. I do not make an apology for that because at the end of the day, I will not suffer. Either a small business will close, and they do close, or a worker will have his or her hours reduced or lose his or her job. I certainly do not want to go back to that.

**Mr. Gerry Light:** I will deal with two of the points I picked up from the Deputy's contribution. I am not too sure why the working family payment has been reduced in recent times. I can say, as a low pay commissioner, that when the Department gave us all the statistics and details the number of workers who depended on that payment was surprising. That points to a high prevalence of low pay. The State has to intervene.

Mr. Gerry Light: I will deal with two of the points I picked up from the Deputy's contribution. First I am not sure why the working family payment has been reduced in recent times. One thing I can say as a low-paid commissioner, when we had the Department in giving us all the statistics and the details and the degree of workers who depend on that payment was very surprising. That points again to a very high prevalence of low pay.

**Deputy David Stanton:** That is dropping.

**Mr. Gerry Light:** Yes, and I am not entirely sure why that is the case. The important point is that it exists. We must recognise that very high numbers of workers are on low pay and the State must intervene. I do not subscribe to the concept that any job is better than no job. I know the Deputy is not advocating it, and he has a particular view, but if we get into that space, we very quickly have to start to deal with potential exploitation and indeed compulsion in respect of people being forced to take up work. Work should always be attractive enough to invite people to participate in the labour market. My colleagues and I presented the statistics earlier. We still have a high level of low pay in this country. As a practising trade union official and a low pay commissioner for six years, I have always had huge sympathy for the challenges faced by businesses and small businesses in particular. We try to take that on board. Measures are available to protect them. Notwithstanding what one of the previous contributors said about a reluctance to go to the Labour Court to state they are unable to pay, that provision is available. It is a considerable safety net but one that is rarely used. I would also point out to the commission that, contrary to the view expressed by the Deputy, research does not support the position that employers who find themselves in challenging situations either reduce the number of staff

or staff hours. Since the introduction of the Employment (Miscellaneous Provisions) Act 2018, employers are required to afford workers hours they have established over a reference period. That is the best answer I can give to the points raised by the Deputy.

**Deputy David Stanton:** Obviously we are in dramatically changed circumstances since 2018 and none of us knows where it will go or end up. There is a huge amount of unpredictability here. The number of people on the minimum wage has been stated to be 164,000. There has been huge growth in employment. Walking around this city and many towns in Ireland, staff-wanted notices are visible in many places. Why has the competitiveness in the labour market not increased wages if people can change jobs and get a better wage? Hotels and restaurants are crying out for staff, at least they were until recently. Whether that will continue is another issue because they may not be able to keep going because of other factors, such as energy costs and so forth. The figure of 164,000, the number of people at work-----

**Chairman:** The Deputy's time is up.

**Deputy David Stanton:** -----has increased and maybe the number on low wages has increased as well as a reflection of the overall growth in employment. Is any statistic available about the growth in the number of people on the minimum wage? Has that been looked at by anybody?

**Mr. Ultan Courtney:** We have not looked at it yet. It is an interesting increase. I do not know why it has happened. It may have something to do with people deciding they want to live different lifestyles as a result of Covid. I do not know. That is pure speculation on my part.

**Deputy David Stanton:** Where does this figure come from?

**Mr. Ultan Courtney:** Where is the 164,000 calculated from?

**Mr. Oisín Gilmore:** The Labour Force Survey.

**Senator Marie Sherlock:** I will pick up on the ability to pay discussion. Mr. Courtney from the Low Pay Commission spoke earlier about the range of factors the commission has to consider when making its recommendation. I note the report states that the Low Pay Commission has previously recommended that data on firm output to profitability be made available to help monitor the impact of the changes in the minimum wage on firms and workers. What progress has the commission made on accessing those data on profitability and operating costs? To what extent are those data a feature in its calculations? Overall, how important is profitability when the commission is assessing what the minimum wage should be for the following year?

**Mr. Ultan Courtney:** I will ask Mr. Gilmore to comment on the mechanics of collecting the information and I will come back to the other point.

**Mr. Oisín Gilmore:** We do not currently have reliable data on firm profitability. We are in constant communication with the Central Statistics Office, CSO, about our data needs. Our priority in our discussions with the CSO about our data needs is securing reliable data on median wages. That is what we are focusing on.

**Senator Marie Sherlock:** When was the request for data on firm output and profitability made? Has that been ongoing for a number of years or is it more recent? The Low Pay Commission has been operating for a considerable number of years - the best part of a decade - so it surprises me that we do not have these data yet. Is this a recent request or something more

long-standing?

**Ms Claire Pyke:** As my colleagues stated, we are in constant consultation with the CSO on improving data availability. I would prefer to check our files on that and get back to the Deputy.

**Senator Marie Sherlock:** Given the discussion we have had today about the impact on employers and workers of the recommendation for a real pay cut in January, knowing the profitability of the employers who pay the minimum wage and, in particular, their operating costs and cost base is vital for the calculation.

In its submission, Mandate refers to profitability in the sectors where the workers it represents are employed. Will Mr. Light outline in more detail what Mandate's experience is as regards profitability among the employers it deals with?

**Mr. Gerry Light:** We deal with a diverse spread of employment sectors, from the big international players down to the smaller independent traders. It is always difficult to get to the bottom line. The big players constantly appear, right up to the Labour Court, and refuse to give any information regarding their profitability. An honest approach is probably more likely from the smaller operators who will sit down in a room, open books and show the staff. From that point forward, both the owner and the workers can gauge what is in the best interests of that business going forward. That is the way it should work. Deputy O'Reilly spoke about the value of having that access and the statutory right to collectively bargain. The big fear among many employers, and it is certainly the perception that is put out, is that if unions have the right to collectively bargain, it will end with employers having to pay excessive wage costs and ultimately go to the wall. That is not the case.

The problem with declaring profitability and establishing the level of profitability is always a challenge to the trade union movement and it is certainly an invaluable piece of information to allow us and our members to make the right decision for everybody concerned with any particular enterprise.

**Senator Marie Sherlock:** I assume it would be a source of frustration, or I should ask if it is, rather than making assumptions. If the Low Pay Commission does not factor in profitability of firms, then surely that is a shortcoming in how it operates, particularly at this point in time when we see some firms doing quite well and others less so. Does Mr. Light have any comment to make on that?

**Mr. Gerry Light:** Again, drawing from my experience on the commission, I am not too sure how possible it would be to drill down into each individual firm, at least from the perspective of the commission. It is the case that this matter was on the agenda. In the past, we have tended to sit down every year and identify what relevant research projects we want to commission. There is a fairly substantial budget available as I have said and it was always my objective on the commission to ensure we spent that budget on relevant research projects because it was vitally important. We cannot on one hand argue that there was a dearth of information while not using the resources available to us. Given the diverse nature of the employers that we are dealing with within the Low Pay Commission's remit, we tend to look at it from a central viewpoint as opposed to an individual firm viewpoint.

**Senator Marie Sherlock:** Sure, and as somebody who used to look at the research of profitability on sectors in a former life, some of that information is available but it is dated. It is incumbent upon the commission to ensure all that available information, however dated, is

used and that there is up-to-date profitability information available to it. For employers to come along and allege that something is going to cost jobs and not have the evidence, that is a real issue for the Low Pay Commission. I hope when we have an engagement next year that there will be much greater research into profitability within sectors.

**Deputy Louise O'Reilly:** Given that a case has not been taken all the way to the Labour Court, can Mr. Light outline for the committee the process he referred to? Companies cry poverty and say that they cannot afford to pay the minimum wage. They then go all the way up to the steps of the court. Presumably those companies do then pay the minimum wage,

**Mr. Gerry Light:** There have been very few cases Deputy. I can count on one hand the number of cases that have gone to the Labour Court. I think it is three or four. I might be incorrect but it is a very small number.

**Deputy Louise O'Reilly:** What about those specifically on inability to pay?

**Mr. Gerry Light:** It is a very direct approach. It would not be the standard industrial relations approach which goes through layers of procedures. The companies have direct access to the Labour Court and they go in and lay out all the relevant details and the court will deal with that in a very experienced and professional way. My understanding is, in the very few cases that travel to the court, that recommendations would be adhered to. Again, I am not entirely positive on that.

**Deputy Louise O'Reilly:** That is fair enough but it is important nonetheless. The commission has to take a balanced approach and I fully accept that. All the available information has to be looked at but by virtue of the fact that there is a negligible number that actually front up and go to the court - a minuscule number of them - they are almost irrelevant. It is a tiny number compared to the number of companies that say that the cost of pay will send them to the wall.

I am coming back to the 80 cent, I cannot bend my head around that. It strikes me that there is a lot more tolerance for a higher increase given that there is no evidence to suggest that there is not. If this was not the case, the modest increases, which now amount effectively to a pay cut for low-income workers, a raft of cases into the Labour Court would be expected. That does not happen. The court is not inundated. Will Mr. Light accept that there might be a higher tolerance for a wage increase? I accept that his approach has to be cautious and balanced but I suggest that it has been a little over-cautious. There does not seem to be any evidence to support these amounts. We are calling them a pay-cut as that is effectively what they are in real terms; even if that was not the intention, that is how it will work out in pounds, shillings and pence for low-income workers.

**Mr. Ultan Courtney:** That is a very reasonable question. The proxy that we look at is what happens to employment in the economy in general and that is why the Maynooth report was very significant. It is not, seemingly, binding evidence that it is impacting on employment. That is the thing we most worry about. We all accept that for small employers in particular, there are many problems in how they get on with their business. At the end of the day, we do not have the data on that. People do not come to us pleading inability to pay. They go to the union or to the Labour Court. All we can do is look and see what is actually happening and what the impact is. If the impact is negative, we get worried and if it is not negative, we move forward. That is what we are trying to do. We are being cautious in relation to that.

**Deputy Louise O'Reilly:** I am sorry Mr. Courtney but something has to prompt you not to

say €100 an hour. You have to have something in your mind. I picked a deliberately exaggerated figure but something is causing you to come to the conclusion that 80 cent is reasonable. Presumably that is a balance between the demands of the workers, whose demands as very clearly articulated in the minority report are not met by that, and the demands of the employers. It appears that the employers are not coming with any evidence. It is a bit like the smoking ban. Before it was introduced, everybody said that the whole country would fall off the edge of the world into the sea and then it happened and nothing bad happened as a result of it, except that many people, me included, gave up smoking. If the evidence does not exist, and the Labour Court is not inundated, does the commission just take the employers at their word - and I am not suggesting anybody is spoofing - when they come in and say that it will finish them?

**Mr. Ultan Courtney:** If I had a pound for every time someone told me it was going to be the end of the world next week, I would be a very rich man. The commission listens to the submissions and the cases made in relation to employers who say that they are having difficulties. Some of that is anecdotal but we have all seen evidence of it where restaurants, for example, are not opening on Mondays or Tuesdays and maybe hours are being reduced as a result of that. There is evidence that employers are under pressure. I would like better evidence if I could get it. I would like a situation going forward where we have a good fact-based decision making process. The significance of the Maynooth report was that it suggested we could move forward on pay. We have done that but we have also been prudent because of the shocks happening in the economy at the moment.

**Deputy Louise O'Reilly:** I want to give Mr. Light a chance to respond to that but I talk to restaurant owners and all of the evidence suggests that in actual fact they cannot get people to work for the wages because people cannot afford to live anywhere next nor near the places we want them to work. I do not imagine that it is a fear that low-income workers are suddenly going to be making loads of money. It is more likely that the housing prices and Government policies that have caused them are causing that particular pressure.

**Mr. Gerry Light:** Just to follow on from the Deputy's comments and knowing her previous life and my previous life as a trade union official for many years along with my two colleagues here, and my time in the Low Pay Commission, the default position of employers throughout the years, whether for the introduction of maternity leave, holiday or miscellaneous legislation, is always that this would put them out of business, have an adverse effect and be counter-productive for employees. In all of those cases, along with the smoking ban legislation that the Deputy cited, in which we were very heavily involved with Mandate, none of that materialised. That is not to say you do not sit down and reasonably engage with employers, whether it is at a sectoral, multinational or indeed a small local enterprise level. You must listen to their case but it must be a credible one to be able to sustain an argument that low pay is essential. Low pay is never essential. I go back to the point I made earlier on. Real questions have to be asked and that is why I do not believe the concept that any job is better than no job. A job must offer employees more than earnings; it must offer them dignity at work as well. Earnings are one of those aspects. If an employee feels they are undervalued, as was said in the minority report and in the commission's submission, that is a key aspect of productivity and somebody's enjoyment of life. Certainly one must listen to those arguments but also interrogate them.

**Deputy Louise O'Reilly:** Yes.

**Mr. Gerry Light:** To ensure that they stand up.

**Deputy Louise O'Reilly:** I note that the trade unionists in the room have expressed a good

deal of confidence in the resilient nature of Irish business. At the moment some in business do not seem to share that view with us but we believe them to be slightly more resilient than their public pronouncements would indicate.

**Chairman:** I ask Mr. Courtney about the commission's report on the living wage that was given to the Government, which outlines how the Government can progress the living wage. Where is that at? Will there be a response?

**Mr. Ultan Courtney:** The Government has just gone through the consultation process.

**Ms Claire Pyke:** The Government published the commission's report and launched a public consultation on the recommendations made by the Low Pay Commission. That consultation closed last month. I know that my colleagues in the Department along with the Tánaiste are reviewing those submissions, and they are working with colleagues across Government to see how to make progress. I think that the Tánaiste has announced his intention to bring a further recommendation to Government towards the end of next month on the next stages and implementations of the recommendations.

**Chairman:** Does the Low Pay Commission anticipate being asked for further information or reports, or is its job done?

**Mr. Ultan Courtney:** We have had no requests so far.

**Ms Claire Pyke:** I do not anticipate any such requests, no.

**Chairman:** Everyone who indicated a wish to speak has now spoken. I thank all of the representatives for assisting the committee in its consideration of these important matters. The committee will further consider these matters as soon as possible.

That concludes our business in public session. I propose that the committee goes into private session to consider business. Is that agreed? Agreed.

**Mr. Ultan Courtney:** On behalf of the Low Pay Commission I thank the Chairman and members for their courtesy. We have had an excellent meeting.

**Mr. Gerry Light:** I echo those sentiments on behalf of Mandate.

The joint committee went into private session at 11.32 a.m. and adjourned at 12.05 p.m. *sine die*.