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25th November 2024

Ms. Miriam Reilly

meetingsadmin@SDUBLINCOCO.ie

Dear Ms. Reilly,

I have been asked by the Minister for Enterprise, Trade and Employment, Mr. Peter Burke T.D., to reply to your recent correspondence in relation to the recommendations of the Low Pay Commission Report on Subminimum rates of the National Minimum Wage. Minister Burke welcomes the Council's interest in this important issue.

In 2022, the Low Pay Commission was asked to examine the issues around retaining or removing the sub-minimum youth rates of the National Minimum Wage and to make recommendations on the subject.

The Low Pay Commission's report on these sub-minimum rates was published in June. The Commission has recommended the removal of all sub-minimum youth rates of the National Minimum Wage.

The Commission highlighted in its report that this is a complex issue. They have said Government will need to give their findings and recommendations detailed consideration and deliberation, and they highlighted the need for further legal advice and consultation.

Minister Burke commissioned an economic impact assessment of the recommendations. This economic impact assessment will independently evaluate the economic impact of possible changes to the sub-minimum wage in Ireland. This assessment will model the impact of making changes to youth rates on firms of different size and in different sectors and regions. It will also examine if there could be unintended consequences of making any changes to youth rates, such as increased unemployment of younger workers as employers choose older more experienced workers, or the possibility of young people choosing to leave school and college to enter the workforce.

The use of sub-minimum youth rates is largely concentrated in the accommodation, food, and retail sectors. The Minister is aware that these are sectors that have reported facing considerable cost pressures.

Government will make a decision on this important issue when all this information is available to it.

In the meantime, it's important to note that younger workers will receive a boost in their wages, when the National Minimum Wage increase comes into effect next January. Sub-minimum rates are set at a percentage of the full minimum wage rate, so when that rate goes up, so too do the youth rates.

I trust the information provided is of assistance to you and to the members of South Dublin County Council.

Yours sincerely,

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Peter Burke T.D.

Minister for Enterprise, Trade and Employment, Peter Burke T.D.