



Businesses to face 25 per cent hike in minimum wage

- Employers say no justification for increase in hourly pay
- Low Pay Commission report to be delivered next month

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Businesses are facing a new threat of a 25 per cent hike in the hourly minimum wage. *The Sunday Business Post* has learned.

The Low Pay Commission is due to deliver its recommendation next month to government on the minimum wage for 124,000 workers.

At a time of global economic uncertainty and the threat to the economy of a British exit from the EU, unions are lobbying strongly for the national minimum wage to be increased from €9.15 to €11.50 per hour by the end of next year.

Employers have warned that there is no justification for the Low Pay Commission to recommend another rise in the national minimum wage, which was increased by 50 cent earlier this year.

Ireland has the second-highest minimum wage in Europe, with only Luxem-

bourg having a higher rate.

Ibec chief economist Fergal O'Brien said there was a real risk here that the country was getting complacent about competitiveness again.

"If we get a Brexit from the EU, then the competitiveness pressures on businesses trying to sell into the British market are going to be absolutely excruciating. Even if we don't get a Brexit, we still have a lot of competitiveness pressures coming at us," he said.

He has warned the Low Pay Commission that the domestic economy is still emerging from "intensive care". O'Brien said that there was no justification for another wage increase at a time of zero inflation.

"We have problems about housing and the rising cost of rent, but the solution is not to force employers to pay more wages that they can't recoup themselves. The solution is to get to the source of the housing problem," he said.

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The Low Pay Commission was put in place by Labour as a permanent structure so that annual minimum wage rises would be on the cards, even if it was out of government.

The Irish Congress of Trade Unions (ICTU) has mounted a strong lobbying campaign in recent months to turn the minimum wage into a "living wage".

It has told the Low Pay Commission that a wage rise to €11.50 will improve the quality of life for workers and have no real impact on employment costs because only a relatively small number of workers are on the minimum wage.

And it has pointed to the fact that it has secured the support of over 130 TDs, senators and MEPs, 171 councillors and has got motions of support from most of the 15 councils it has visited. ICTU wants to get part of the €2.35 increase in the minimum wage delivered this year, with the remainder next year.

The Low Pay Commission is understood to be still considering what recommendation to make, but its final report is due to be delivered to government by July 21.

It will then be up to the gov-

ernment to either accept or reject the recommendation for the October budget.

Jobs minister Mary Mitchell O'Connor said she was going to wait for the report of the Low Pay Commission.

"Obviously competitiveness is hugely important. We need to have the environment for jobs to be created. Yet at the same time, I think businesses are very conscious that employees have to pay for housing."

But there is a related promise from the budget to introduce a new working family payment in Budget 2018 which would see the state provide a wages top-up so that a person would earn at least €11.75 per hour.