

2017

**LOW PAY**  
COMMISSION

AN COIMISIÚN UM PÁ ÍSEAL

# Recommendations for the National Minimum Wage

July 2017

LPC NO. 6 (2017)



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## **Primary aim**

**To have a minimum wage that provides an incentive to work, is set at a rate that is both fair and sustainable, and helps as many people as possible, without a significant adverse effect on competitiveness or a significant negative effect on employment.**

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## Overview

Numerous mechanisms are used to set minimum wages around the world. Following its first year in office the Low Pay Commission (LPC) set down the issues and principles which it considered were of particular importance in terms of the concept of a minimum wage, and set out the approach that it believes best suits the Irish situation. By and large these issues and principles adopted remain unchanged in 2017.

A key policy principle put forward by the OECD, following its review of the role of minimum wages after the recent economic crisis, can be summarised as follows: “Use minimum wages as a tool to raise wages at the bottom of the wage ladder, but accompany them with other tax and benefit measures to effectively fight poverty in and out of work” (OECD 2015). Thus, minimum wages alone are not sufficient as a poverty alleviation strategy. Other policies are required to deal with items such as exceptional housing and childcare costs.

The Low Pay Commission is of the view that:

1. A National Minimum Wage (NMW) provides the best model for Ireland to establish a ‘pay floor’ below which no-one should be expected to work

The rate should be simple and straight-forward. In our deliberations we considered the option of regional rates (in particular last year in the light of what many submissions to the Commission described as the ‘three-tier’ economy, the current state of the housing market and the wide difference in accommodation costs, whether rental or purchase costs). On balance, however we believe that regional rates would prove unduly complex and could not be targeted sufficiently (e.g. people often live and work in different areas, and have different housing costs).

2. When setting the NMW the LPC should, among a range of factors, take cognisance of the level of the minimum wage relative to median pay.

In order to avoid growth in income inequality and to limit the employment effects of minimum wage, changes in the value of the minimum wage should take cognisance of the median rate of pay of employees. There are a number of reasons for doing this. Firstly, a comparison of the minimum wage to the median wage provides an indication of how binding a given minimum wage is likely to be. Secondly, this comparison provides a benchmark for making comparisons over time and across countries. Thirdly, the median wage may provide a useful reference point when deciding what a reasonable minimum wage should be. Research summarised in previous LPC reports, and once again updated in this report (Appendix 1), suggests that minimum wages as currently set in OECD countries have not had large adverse effects on employment. The inter-quartile range of minimum wage bite (minimum wage level relative to median wage of full-time workers) currently stands at 36-69 percent in OECD countries.

3. Any changes to the National Minimum Wage must take place on an incremental basis to avoid negative impacts on jobs and on Ireland's competitiveness.

Ireland is emerging from one of the worst recessions in its history, and while the current economic markers are positive there are a number of risk factors, not least of which is the UK's decision to leave the EU. Ireland's current NMW is already amongst the highest in the EU in absolute terms, and a negative impact on competitiveness could undermine the growth that has been achieved. However, worldwide research shows that moderate adjustments to minimum wages do not have a detrimental impact on jobs and improvements in wages can lead to increased productivity through improved job retention and more productive workers.

4. Decisions in relation to changes to the National Minimum Wage must be made on a clear evidence base.

The Minimum Wage (Low Pay Commission) Act 2015 charges the members of the Commission with making its recommendations based on a set of clearly identified criteria (see following Chapter).

Thus, in making our recommendation for the minimum wage we have had regard to the matters which the Minimum Wage (Low Pay Commission) Act 2015 sets down for consideration, and we have taken account of the following:

- The Irish economy is growing strongly, and the recovery has begun to reach all regions.
- The initial post-2012 recovery was export-driven, whereas domestic consumption and investment are continuing to make a much stronger contribution towards growth.
- There are significant risks to Irish economic performance in the international economic environment. In particular the decision by the United Kingdom to exit from the European Union will have a significant, unquantifiable, impact over the coming months and years. Some regions and sectors are particularly exposed to the volatility of sterling and will be affected disproportionately.
- The reforms of the United States taxation system proposed by President Trump have the potential to impact negatively on the Irish economy.
- Continued growth in employment, favouring full-time over part-time employment, and unemployment is at 6.3% (June 2017), close to what is generally regarded as 'full employment'.
- Prices are stable or marginally lower over the last 12 months and inflation is projected to rise but remain low.
- The Department of the Taoiseach's National Risk Assessment (NRA) 2016 conclusion that "Despite the recent strong performance of the Irish economy, the balance of risk to the baseline remains tilted to the downside", and the ongoing



macro-economic and fiscal risks highlighted in the April 2017 Department of Finance Stability Programme Update (SPU)

- The increasing costs associated with the housing market, in particular private rental costs in Dublin.

The report relies on data available in the period up to 3 July 2017. Data is not yet available to assess the impact of previous increases recommended by the Commission in 2015 and 2016.

## Recommendations of the Low Pay Commission

In the light of the above we make the following recommendations:

1. That the rate of the National Minimum Wage for an experienced adult worker be fixed at a rate of €9.55 per hour.

This corresponds to an increase of 3.2 percent in the national minimum wage for an experienced adult worker.

2. As previously recommended remove the anomaly created by the sudden increase in the rate of employers' PRSI from 8.5% to 10.75 % on weekly earnings of €376 (see Appendix 2 for potential numbers affected and examples).

3. Provision should be made for the display of basic entitlements in all places of employment where the minimum wage is in operation. See Appendix 3 for suggested information to be provided.

This will create and foster a culture of compliance with regard to the NMW, and improve awareness of minimum wage, and employment rights entitlements more generally.

Recommendation 1 is supported by six of the nine Commission members.

Recommendations 2 and 3 are supported by nine members of the Commission, although there is not a consensus regarding the extent of the entitlements to be displayed, with some members favouring a 'single sheet poster' approach.

# Chapter 1 Introduction

## National Minimum Wage (Low Pay Commission) Act 2015

Under the legislation establishing the Low Pay Commission, the National Minimum Wage (Low Pay Commission) Act 2015, the duty of the Commission is determined as being to

*“... make recommendations to the Minister regarding the national minimum hourly rate of pay that—*

*(a) is designed to assist as many low paid workers as is reasonably practicable,*

*(b) is set at a rate that is both fair and sustainable,*

*(c) where adjustment is appropriate, is adjusted incrementally, and*

*(d) over time, is progressively increased,*

*without creating significant adverse consequences for employment or competitiveness.”*

Our remit, and the legislation, require that the Commission give consideration to a range of issues in coming to a decision on a recommendation to the Minister for an appropriate rate for the minimum wage. Some of the issues are, essentially, matters of fact, while others necessitate an element of assessment and appraisal, and considered judgement.

The particular issues the Commission is obliged to have regard to in considering its recommendation are —

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

The legislation requires the Commission in making its recommendation to have regard to these factors in the period since the most recent making of a National Minimum Wage Order. The last order in relation to the minimum wage was made on 18 October 2016 and it took effect from 1 January 2017. This review therefore looks particularly at developments since October 2016, insofar as data is available, or at developments in the period between the

data used in the making of the recommendations in 2016 and the latest available data (as of 3 July 2017).

## The Low Pay Commission

The remit of the Low Pay Commission (LPC) is to recommend levels for the minimum wage rates that will help as many low-paid workers as possible without any significant adverse impact on employment or the economy. The advice the LPC offers the government to achieve this is based on the best available evidence.

The Commission comprises eight members and an independent Chairperson. 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 particular issues faced by Irish businesses, particularly in relation to labour costs, and competitiveness. There are members who have an understanding of the interests of employees, particularly the impact of living on the minimum wage and the sectors where low pay and minimum wage workers are concentrated. There are also academics who have particular knowledge or expertise in relation to economics, labour market economics, statistics, and employment law, as well as proven competence in analysing and evaluating economic research and statistical analysis.

The term of office of a member of the Commission is three years from the date of appointment (16 July 2015). A person may not be a member of the Commission for more than two consecutive terms of office but is otherwise eligible for re-appointment.

<b>Current Commission Members</b>	
Dr Donal de Buitléir	<b>Chairperson</b> , Director of PublicPolicy.ie
Vincent Jennings	Chief Executive Officer, Convenience Stores and Newsagents Association
Patricia King	General Secretary of ICTU
Gerry Light	Assistant General Secretary, Mandate Trade Union
Caroline McEnery	Director, The HR Suite; HR & Business Solutions
Edel McGinley	Director, Migrant Rights Centre Ireland
Mary Mosse	Former Lecturer in Economics, School of Business, Waterford Institute of Technology
Tom Noonan	Former Chief Executive, The Maxol Group, President of IBEC (2008-2010)
Professor Donal O'Neill	Department of Economics, Finance and Accounting, NUI, Maynooth

The Secretariat for the Commission is provided by the Department of Jobs, Enterprise & Innovation (Máire Ní Chuiric, Principal Officer, Secretary to the Commission, and Paul Norris, Administrative Officer).

## The Work of the Commission

### Meetings

The Commission met on nine occasions since July 2016 and received a significant number of submissions from various groups and individuals with an interest in NMW issues. The Chairman and members of the Commission also met directly (on two occasions) with a wide range of interests. These included individual workers and businesses, employer and employee representative groups. This enabled the Commission to get as broad an understanding as possible of the issues relating to the minimum wage.

Since July the Commission also worked on other matters, and has submitted reports to the Minister on a number of related topics. These include a report into the Preponderance of women on the NMW, the current Sub-Minima rates of the NMW and the allowances provided for Board and Lodgings under the NMW. The first two of these reports have been published and the third is currently being considered by the Minister.

### Data

In the course of our work the Commission examined data from a wide range of sources, and reviewed a broad variety of reports, papers and commentary. For statistical purposes we relied principally on data from the CSO, Eurostat, OECD, ESRI, NERI, PRTB, Central Bank of Ireland, ECB, Revenue Commissioners and the National Competitiveness Council.

During our work since the establishment of the Low Pay Commission we noted significant gaps in the data which would ideally be available to assist in coming to a recommendation on the level of the minimum wage, and indicated that we would seek to address this issue during the course of our work over the coming years. In this regard, we have put in place a research partnership with the Economic and Social Research Institute (ESRI) and are working with them to develop research projects to address the gaps in the existing evidence.

The LPC/ESRI partnership is governed by a Steering Committee comprised of two Commissioners and two senior members from the ESRI (see *Appendix 4*). In addition, in the light of the central importance of data to the effective functioning of the LPC, the Central Statistics Office (CSO) has, at the request of the Commission, nominated an independent member to the Steering Committee to assist in relation to technical and data matters.

In 2016 the CSO also accepted a request from the Commission to include a pilot question on the NMW in the Quarterly National Household Series (QNHS) survey, beginning in Q2 2016. This was a major initiative on the part of the Commission and the CSO. First data from this

initiative is now available and has allowed for up to date information on the numbers affected by the minimum wage rates<sup>1</sup>. The QNHS also allows for up to date profiling of minimum wage workers based on characteristics such as age, gender, education and region of residence, using significantly larger samples than were available in the EU-SILC and as a result this report relies on the QNHS data.

We also asked the Revenue Commissioners to prepare an analysis from their records of the persistence of low pay among employees and also to provide data in relation to the profitability of enterprises in the low pay sectors of the economy.

The Commission is grateful to the CSO and the Revenue Commissioners for their positive response to these requests and are pleased that these studies begin to address the information gaps in relation to low pay. Further details of these studies are in Appendix 5 and Appendix 6.

## The consultation process and oral hearings

### Consultation Process

In December 2016 the Commission invited submissions from the public regarding the National Minimum Wage. The request was advertised on the Department of Jobs, Enterprise & Innovation and Low Pay Commission website and in the National Press. There was also targeted emailing of both business-interest and employee-interest groups and Government Departments, as well as Universities and Institutes of Technology. It was noted that all comments, observations and submissions would be published, subject to the Freedom of Information Act 2014. We received 22 submissions regarding the National Minimum Wage (for list of submissions see *Appendix 7*<sup>2</sup>), four of which were from individual trade unions voicing their support of the ICTU Submission. While there was a closing date of the 9<sup>th</sup> February 2017 the Commission did accept a number of submissions received after this date.

The Commission also met with various groups and individuals during the course of the year whose work or research was deemed to be of particular interest to the Commission. The Commission met with representatives from the Workplace Relations Commission (WRC) and the WRC Inspectorate in order to gain a better understanding of compliance issues relating to the NMW on the ground. The Commission also held an information day in which papers which the Commission deemed relevant to its work were presented by the Department of Finance, Bank of Ireland, NERI, the UK Low Pay Commission and the CSO.

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<sup>1</sup> CSO QNHS - National Minimum Wage Estimates (27 April 2017)  
<http://www.cso.ie/en/releasesandpublications/er/q-nmw/qnhs-nationalminimumwageseriesq42016/>

<sup>2</sup> Copies of submissions received are available on the Commission's website at [www.lowpaycommission.ie](http://www.lowpaycommission.ie).

## **Stakeholder views**

The submissions which the Commission received fell into two distinct categories, those from employer representative groups who argued strongly against any recommendation for a further increase in the NMW at this time and those from groups representing employees who argued that the Commission should recommend a roadmap for bringing the NMW in line with the “living wage”<sup>3</sup>.

Submissions arguing against a further increase in the NMW pointed to the potential negative implications for the Irish economy which may result from the United Kingdom’s decision to leave the EU and the economic policies espoused by the new President of the United States Donald Trump. They advised that in such an uncertain economic environment it is vital that Ireland maintain its competitiveness and that therefore any pay increases should be on a voluntary basis and not as a result of increases in the NMW. They also pointed out that Ireland’s economic recovery has been more pronounced in Dublin and other urban areas and that many rural areas are still feeling the effects of the recession. Employer groups further contended that previous increases in the NMW had led to a loss of jobs or hours among NMW workers and had led to knock on pay claims from employees who were slightly above the NMW. They therefore maintained that policy initiatives on housing, personal tax and social welfare are more effective means of tackling poverty than NMW increases.

In contrast groups representing workers were of the opinion that the NMW should be increased to the level of the “living wage” (€11.50 per hour), with such groups advocating a recommendation from the Commission to this effect and a roadmap being set out to reach the “living wage” within a set number of years. Employee groups argued that work should provide people with a minimum standard of living and that based on calculations for the “living wage” the NMW does not currently provide this. Such submissions pointed to the high cost of rent and childcare in Ireland and studies which have shown that increasing minimum wage levels do not have negative effects on the wider economy.

## **Oral Hearings**

The Commission held oral hearings in Dublin during the year, with one hearing focussing exclusively on workers on the minimum wage, below the minimum wage or on low pay and the other with relevant parties who had made submissions to the Commission or were working in sectors of particular concern to the Commission.

When meeting with workers on or below the minimum wage or on low pay in general a number of key issues were made clear to the Commission:

- 1) Noncompliance is a significant issue particularly with regards to migrant workers. Workers cited instances of abuse and exploitation. Examples were given of employees being paid significantly below the NMW, not receiving contracts of

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<sup>3</sup> In principle a ‘living wage’ is intended to establish an hourly rate that should provide employees with a minimum essential standard of living. See [www.livingwage.ie](http://www.livingwage.ie) for further details.

employment or being provided with holidays or leave and being required to work additional hours for which they did not receive payment.

- 2) Some employees earning the minimum wage are in precarious employment in which they work on an 'if and when' basis and have no job security. Many of the workers the Commission spoke to cited the difficulty in trying to live and make plans for the future when they could not be certain what they would earn each week. They advised that due to the nature of their employment they often do not receive sick pay and as a result put off seeking treatment for medical issues.
- 3) The high cost of rent and housing was cited as a particular issue for employees earning the NMW. Many workers advised that particularly in Dublin it is extremely difficult to survive on the national minimum wage given the cost of rent. A number of the workers informed the Commission that they can only afford to live in dormitory style accommodation where a large number of people share rooms and facilities. The issue of landlords being reluctant to take on tenants working in low pay or minimum wage jobs was also raised.

The Commission conducted further oral hearings in Dublin with representatives from a number of groups which made submissions to the Commission or worked in areas of particular concern to the Commission. Employer groups (namely Retail Ireland and the Vintners Federation of Ireland) stressed that the retail and hospitality sectors were hit particularly hard by the recession and that for many businesses profit margins remain thin and the market in which they operate is shrinking or highly competitive. They therefore argued against any increase in the NMW at this time. In contrast Labour Youth put forward a quality of life argument, stressing that people on the minimum wage should be able to enjoy a certain standard of living and that therefore a move should be made towards the "Living Wage". SIPTU provided the Commission with an overview of issues affecting the home care sector and problems that the sector has had with regards to worker exploitation and low pay.

## Chapter 2 The Minimum Wage in Ireland.

### The introduction of the National Minimum Wage

The commitment to introduce a national minimum wage some seventeen years ago was, in essence, a social policy commitment to tackle exclusion, marginalisation and poverty. The Government of the time also recognised that, as a social policy issue, the National Minimum Wage had significant economic implications. The stated purpose of the legislation was “*to protect those workers who are vulnerable and prone to being exploited, especially women and young people*” while also having regard to the need “*to protect employment and competitiveness*”.

The Commission established to advise on the nature of a statutory minimum wage at the time recommended that the national minimum wage should be measured against the median earnings of all employees, and that the initial rate for the national minimum wage should take into account employment, overall economic conditions and competitiveness.

### The National Minimum Wage

Since the introduction of the national minimum wage in 2000 the NMW has been adjusted ten times, with nine increases and one reduction. The rate changes are given in Table 1 below. The adult rate currently stands at €9.25.

Table 1 Changes in Irish Adult Minimum Wage Rate since its Introduction

Date	Irish Minimum Wage
1 <sup>st</sup> April 2000	€5.58 (£4.40)
1 <sup>st</sup> July 2001	€6.00 (£4.70)
1 <sup>st</sup> October 2002	€6.35 (£5.00)
1 <sup>st</sup> February 2004	€7.00
1 <sup>st</sup> May 2005	€7.65
1 <sup>st</sup> January 2007	€8.30
1 <sup>st</sup> July 2007	€8.65
19 <sup>th</sup> January 2011	€7.65
1 <sup>st</sup> July 2011	€8.65
1 January 2016	€9.15
1 January 2017	€9.25



The National Minimum Wage is the lowest average hourly rate that can be paid by an employer to an employee. There are a number of exceptions to the requirement to pay NMW. These are set out below.

The Act does not apply to

- (a) a person who is a close relative of the employer (i.e. the spouse, civil partner, father, mother, grandfather, grandmother, step-father, step-mother, son, daughter, step-son, step-daughter, grandson, grand-daughter, brother, sister, half-brother or half-sister of an employer),
- (b) a person taking part in a statutory apprenticeship (e.g. an apprentice printer, plumber, carpenter/joiner, electrician etc), or to
- (c) non-commercial activity or work engaged in by prisoners under the supervision of the governor or person in charge of the prison concerned

### Sub-Minimum Rates<sup>4</sup>

The legislation provides for three different categories of sub-minimum rates, which are fixed as a percentage of the national hourly rate.

These rates apply to

- those under 18 years of age,
- those over 18 who are in a first job (for up to two years), and
- those over 18 who are undergoing a prescribed course of study or training (known as trainee rates). Maximum periods of training range from 3 months to 3 years, and training must be certified.

### Board and lodgings<sup>5</sup>

If an employee receives food (known as board) and/or accommodation (known as lodgings) from an employer, this may be taken into account in the minimum wage calculation. Current maximum rates which may be taken into account are as follows:

- €54.13 for full board and lodgings per week, or €7.73 per day
- €32.14 for full board only per week, or €4.60 per day
- €21.85 for lodgings only per week, or €3.14 per day

See *Appendix 8* for detailed rules regarding the calculation of the minimum wage.

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<sup>4</sup> The Sub Minima rates of the NMW were considered by the Commission under a separate report which was presented to Government in October 2016. Due to a lack of available data on which to make an evidence based decision the Commission did not make any recommendations at that time but intends to set out its recommendations on this matter in a supplementary report due later this year.

<sup>5</sup> The allowances provided for Board and Lodgings under the NMW were reviewed by the Commission under a separate report which was submitted to Minister Breen in May 2017 and is currently under consideration.

## Current rates

The current rates of the National Minimum Wage are set out in Table 2 below.

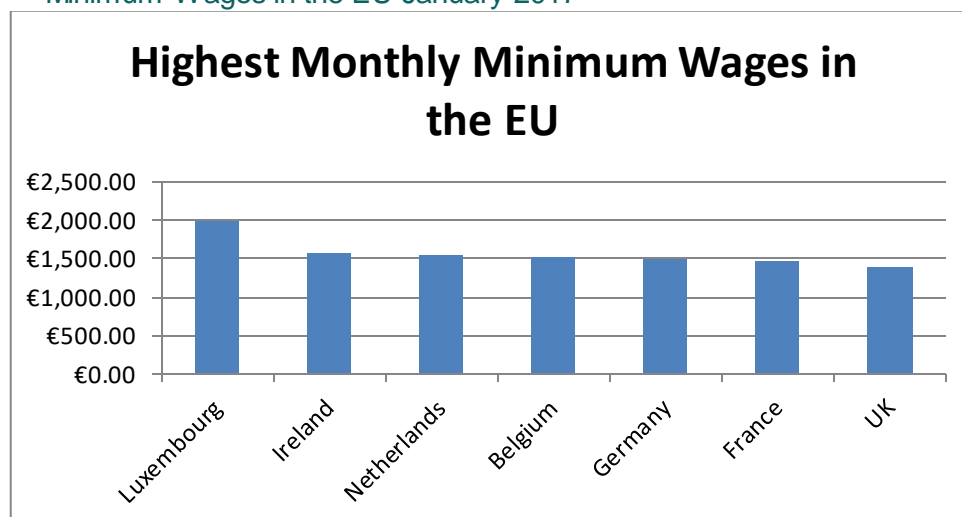
Table 2 Current Rates of NMW

		Effective from 1 Jan 2017	% of minimum wage
Adult Rate	Experienced adult worker	€9.25	100 %
Age-based Rates	Aged under 18	€6.48	70 %
	First year from date of first employment aged over 18	€7.40	80 %
	Second year from date of first employment aged over 18	€8.32	90 %
Trainee Rates: Employee aged over 18, in structured training during working hours	1st one third period	€6.94	75 %
	2nd one third period	€7.40	80 %
	3rd one third period	€8.32	90 %

## International Comparisons

Comparing minimum wages in Ireland with those in other countries is not without difficulties. Many technical problems arise when making comparisons. The latest Eurostat data in January 2017 shows that 22 out of the 28 EU member states have national minimum wages (Sweden, Italy, Denmark, Austria, Finland and Cyprus were the exceptions, although these countries do have centrally bargained minimum wages across many sectors). Based on national gross minimum wages per month, Eurostat records Ireland as having the second highest NMW in the EU on €1,563.25 per month, Luxembourg records the highest rate (€1,998.59) while the UK has the seventh highest (€1,396.90), see Figure 1.

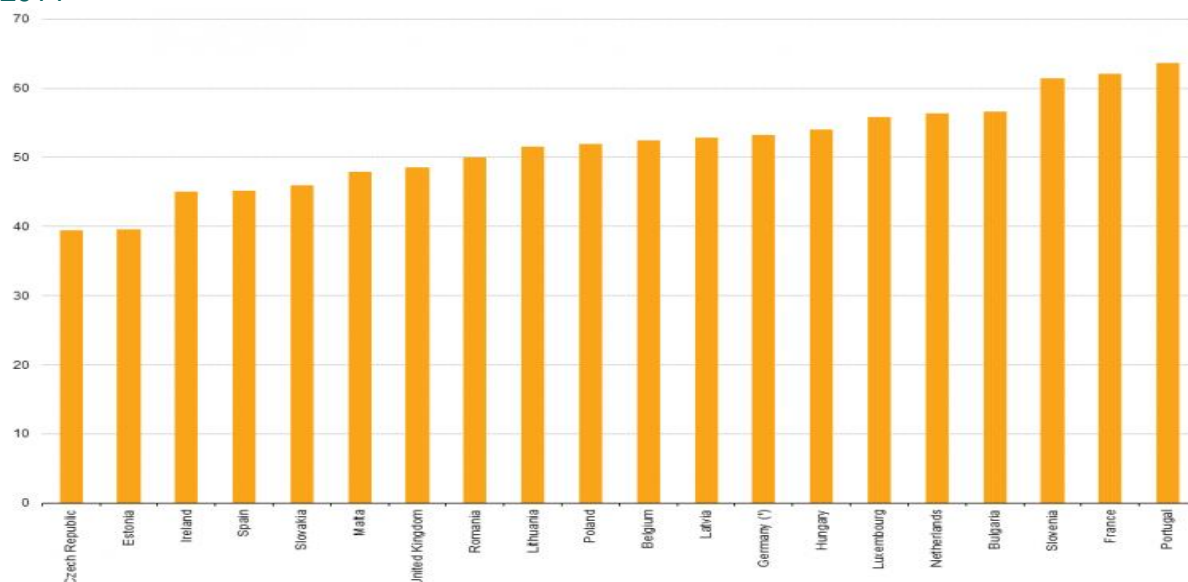
Figure 1 Minimum Wages in the EU January 2017



Source: Derived from Eurostat Minimum Wage Statistics

However when Eurostat took into account different price levels by applying purchasing power parities (PPP's) for household final consumption expenditure Ireland fell to sixth among EU nations. In terms of its relation to median gross monthly earnings, Portugal has the highest minimum wage in the EU followed by France, Slovakia and Bulgaria; Ireland is eighteenth out of the twenty EU member states for which this data is available, see Figure 2 below.

Figure 2 Monthly Minimum wages as a proportion of median gross monthly earnings, 2014



Note. Median monthly gross earnings for employees within NACE Rev. 2 Sections B to S excluding O working in enterprises with 10 employees or more; apprentices excluded. Data on national minimum wages relate to 1 January. Greece and Croatia: not available. Denmark, Italy, Cyprus, Austria, Finland and Sweden: no national minimum wage.  
 (\*) 2015 instead of 2014 for the minimum wage.

Source: Eurostat Minimum Wage Statistics

Ireland may however place lower on this scale due to the fact that it currently has the highest median hourly earnings in the Eurozone and the second highest in the EU (Denmark which does not currently have a minimum wage is highest), see Table 3.

Table 3 Median Gross Hourly Earnings (EU)

Median Gross Hourly Earnings (EUR)	
<b>Denmark</b>	€25.30
<b>Ireland</b>	€20.20
<b>Sweden</b>	€18.50
<b>Luxembourg</b>	€18.40
<b>Belgium</b>	€17.30
<b>Finland</b>	€17.20
<b>EU</b>	€13.20
<b>EA</b>	€14.10

**Source:** Derived from Eurostat Minimum Wage Statistics

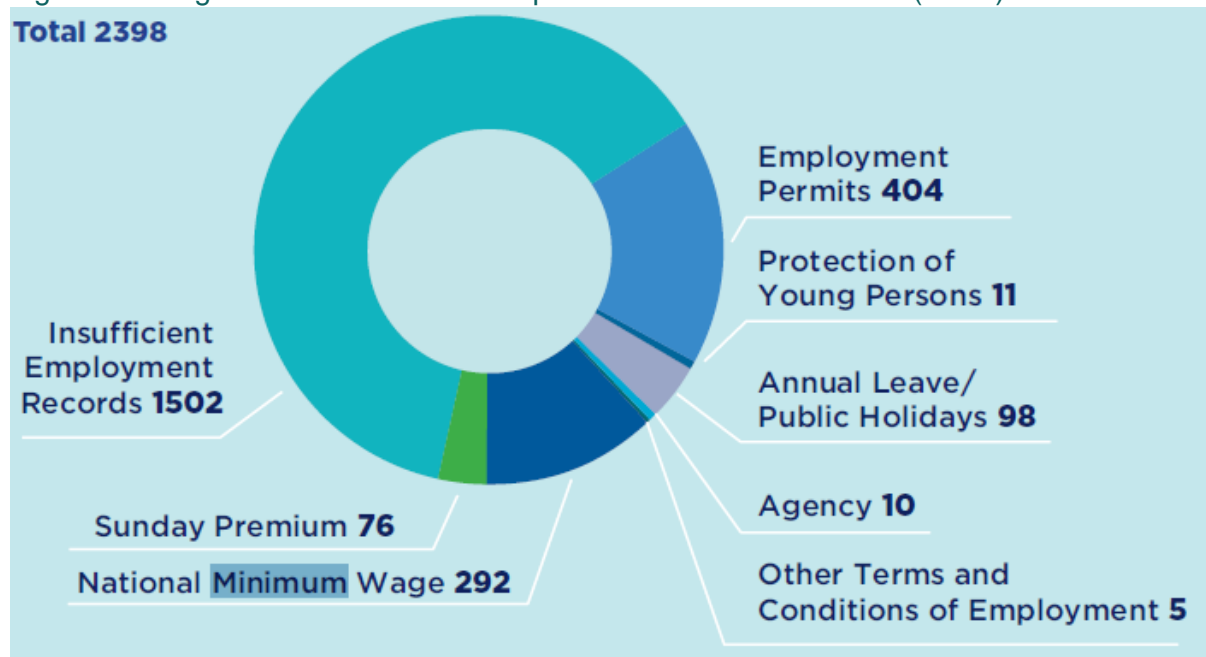
Outside of the EU in the US the federal minimum wage (FMW) stood at \$7.25 in 2017. However while the FMW sets the floor, States, cities and local municipal authorities have discretion to set higher rates if they wish. As of November 2016, 29 States and the District of Columbia had minimum wages above the FMW. Seattle, New York City and California have all set a \$15 target for their respective minimum wages. Seattle increased its minimum wage on the 1 January 2016 from \$11 to \$13 for companies with more than 500 employees and from \$10 to \$10.50 for companies with fewer.

Minimum wages are also often compared both within and across countries in relative terms, i.e. relative to some measure of average or median wages. This provides some indication of how many workers are likely to be affected by the minimum wage. However, even within a country this ratio can vary substantially depending on how both the numerator (minimum wage) and denominator (average wage) are measured. Using the median, rather than the mean, in the denominator is a better measure of the potential “bite” of minimum wages. It also provides a better basis for international comparisons given large differences across countries in the dispersion of wages and earnings. The latest OECD data suggests that the interquartile range for the bite of the minimum wage relative to the median wage of full-time employees is 36-69 percent.

## Chapter 3 Compliance

The Commission continues to be of the view that the role of the regulatory authorities in enforcing NMW legislation is paramount. The anecdotal evidence which the Commission received would suggest that exploitation of workers is more widespread amongst vulnerable sections of society, in particular amongst migrant workers living in Ireland.

Figure 3 Legislative breaches – Workplace Relations Commission (WRC) 2016



Source: WRC Annual Report 2016

The Workplace Relations Commission (WRC) 2016 report indicates that there were a total of 4,830 inspections carried out in 2016 and that 2,877 of these were unannounced. In total 2398 legislative breaches were recorded in 2016 of which 292, representing 12.2%, related to the National Minimum Wage. In total minimum wage breaches were found in 6% of all inspections in 2016, up from a figure of 5.2% in 2015 and level with the percentage recorded in 2014 (6%), see Figure 3 above.

Provisional figures for 2017 (up to the 31<sup>st</sup> of May 2017) show that a total of 2,215 announced and un-announced inspections have been carried out. Minimum wage breaches (183) represented 8.3% of all inspections and 20.8% of all recorded breaches (907), see Table 4. There are currently no figures for the number of cases where an award was made and whether it is paid or unpaid, as there is no mechanism for collecting such data.

Table 4 Legislative Breaches WRC (Provisional to May 31st 2017)

	Cases	No in Breach	Incidence of Breach %	NMW	Records	Unpaid Wages
<b>Announced</b>	870	420	48%	72	334	n/a
<b>Unannounced</b>	1,345	487	36%	111	352	n/a
<b>Total</b>	2,215	907	41%	183	686	694,736

**Source:** WRC provisional figures as at 31/05/2017 (Enforcement Unit)

The WRC advised the Commission during oral hearings that the number of legislation breaches due to incomplete records (686) can make it difficult to determine if employees are receiving the correct wage. The main sectors in which the WRC has encountered NMW breaches are hospitality, contract cleaning, agriculture, hair & beauty and the fishing industry. This is similar to other EU countries and matches to some degree with anecdotal evidence the Commission received during oral hearings with low paid workers and employee representative groups. .

The issue of noncompliance when it comes to the NMW was put in perspective by the results of the CSO QNHS data, examined in further detail in chapter 4. The QNHS revealed that on average 22,500 employees report earning less than the minimum wage and while roughly half of this is explained by training rates (5,700) or age related rates (5,800), it is likely that some portion of the remaining 11,000 employees who reported earning less than the minimum wage could represent cases of noncompliance.

While exact data on noncompliance is difficult to obtain, the Commission was able to examine the report of the UK Low Pay Commission in spring 2016 which included an in depth report on non-compliance within the UK. While conditions in the UK may not be exactly comparable to Ireland the report can serve as a basis for an examination of non-compliance issues. The UK LPC found that workers in social care, homeworkers, hairdressing & beauty and migrants were of particular concern when it comes to noncompliance. The report recommended that in order to improve compliance there needs to be:

- Awareness of the correct rates and awareness of any changes in the rates
- Effective methods for reporting non-payment
- Effective sanctions for those in breach
- Targeted enforcement aimed at sectors of particular concern
- A naming and shaming scheme where by those found to have wilfully breached minimum wage legislation are recorded on a public register for a period of at least 12 months.
- The use of criminal investigations/prosecutions alongside civil penalties

## Proposed Legislation

The Commission notes the Government's approval of draft legislative proposals to address zero hours contracts, low hour contracts, banded hours and related matters. The proposals aim to address the issue of employees on low hour contracts who consistently work more hours each week but whose contracts do not reflect the reality of their hours worked. The proposals also seek to ensure that employees are better informed about the nature of their employment arrangements and their core terms at an early stage in their employment. They include provisions aimed particularly at low-paid, more vulnerable workers. The proposals also include an amendment to the Organisation of Working Time Act which will prohibit zero hour contracts in most circumstances. It is proposed that employers must inform employees in writing, within 5 days of commencement of employment, of the following 5 core terms of employment:

- The full name of the employer and the employee
- The address of the employer
- The expected duration of the contract (where the contract is temporary or (fixed term)
- The method of calculating pay
- What the employer reasonably expects the normal length of the employees working day and week will be

## Conclusion

The Commission considers that greater transparency and awareness is required around employment rights in general and minimum wage rights in particular. The Commission is of the view that there should be some obligation on employers to advise employees of how and where to access information as to their minimum legal entitlements. A proposed notice of employment rights to be displayed in workplaces which employ minimum wage workers is available in Appendix 3. Such increased awareness can only be of assistance in improving compliance, not only with NMW but also with the full suite of employment entitlements, which will help to level the playing field for all.

## Chapter 4 New data sources

In each of our two previous reports the Commission raised the issue of the lack of data with regard to the numbers of people on the minimum wage, and the difficulties that arise in the context of attempts to make evidence-based recommendations without adequate data. In last year's report we noted that the Central Statistics Office had agreed to include a question in its Quarterly National Household Survey (QNHS), aimed specifically at identifying the numbers on minimum wage.

The specific question included in the QNHS was as follows:

The National Minimum Wage is €9.15 per hour. Are your gross hourly earnings excluding bonuses, overtime and allowances:

1. Less than €9.15 per hour
2. Exactly €9.15 per hour
3. More than €9.15 per hour

Where someone indicated they were paid less the €9.15 per hour they were asked the following:

Do you earn less than €9.15 per hour because you are on:

1. A special training rate
2. An age-related rate
3. A first job over 18 rate
4. Other reason

### QNHS – National Minimum Wage Estimates

The question on NMW was included in the QNHS for quarters 2 to 4 2016, and the CSO published the resulting datasets on 26 April 2017<sup>6</sup>. While the QNHS is not designed to be an earnings survey the data collected gives us the first glimpse at quarterly data across a wide-range of criteria – including sectoral, geographic, age, education, and household composition – on a timely, up-to-date basis.

The following tables are all derived from data provided in the CSO statistical release QNHS – National Minimum Wage Estimates, April 2017.

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<sup>6</sup> CSO statistical release QNHS – National Minimum Wage Estimates, April 2017. Data is based on respondents self-reporting their income, and respondents identified as 'Not stated' are excluded from the denominator in calculating share or proportion figures.



Table 5 Proportion of Employees earning Minimum Wage (Quarter 2 - Quarter 4 2016)

Indicator ('000)	Q2 2016	Q3 2016	Q4 2016	Average Q2 to Q4 2016
<b>Employees reporting earning National Minimum Wage or less</b>	173.2	157.6	134.5	155.1
<b>Employees reporting earning more than National Minimum Wage</b>	1,341.0	1,376.0	1,423.5	1,380.2
<b>Not stated</b>	154.8	164.8	156.1	158.6
Total	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>
Proportion (%) of employees reporting earning NMW or less	<b>11.4</b>	<b>10.3</b>	<b>8.6</b>	<b>10.1</b>

**Source:** CSO statistical release QNHS – National Minimum Wage Estimates, April 2017

Note: Denominator excludes employees whose National Minimum Wage status was 'not stated'

Over the three quarters between Q2 and Q4 2016, an average of 155,100 of employees for whom earnings data was reported earned the National Minimum Wage (NMW) or less. This represents approximately one in ten employees. Some 22,500 people reported earning less than the minimum wage, with just over half this number being attributable to training and age-related rates.

For the first time we see data on the length of time that people spend on minimum wage. Often described as a starter or beginners rate, figures show that, at this point in time, about 40% are less than 1 year on NMW, somewhat less than 20% are between 1 and 2 years on NMW, and the remaining 40% are on NMW for more than 2 years, with a considerable number (over a quarter) more than 4 years. For a certain cohort, at least, it would appear than life on NMW is not merely a stepping stone to better things.

Table 6 Length of time spent on NMW

Time on NMW	Number	Percentage
<b>Less than one year</b>	62,800	41.3%
<b>12-23 months</b>	26,600	17.5
<b>24-47 months</b>	22,600	14.9
<b>48 months and over</b>	40,000	26.3
<b>Total</b>	152,000	100

**Source:** CSO statistical release QNHS – National Minimum Wage Estimates, April 2017

## Regional Breakdown of NMW workers relative to non-NMW and total workers

From a regional perspective, we can see that the proportion of employees on NMW is lowest in Dublin and the Mid-East and highest in the Border and South-East regions.

Table 7 Proportion of employees earning NMW or less within each region

Number ('000)	Border	Midland	West	Dublin	Mid-East	Mid-West	South-East	South-West	Total
NMW or less	14.3	9.2	10.2	8.3	8.8	9.9	13.2	10.9	10.1

Source: CSO statistical release QNHS – National Minimum Wage Estimates, April 2017

## Comparison of the QNHS findings with previous estimates based on SILC data

The ESRI, at the request of the LPC, have compared the QNHS findings with previous estimates based on SILC data. Despite the differences in the methodological approach, NMW rate and reference period, it is useful to assess the extent to which both publications report similar findings in terms of the individual and job characteristics most heavily associated with NMW employment. Consistent with previous research, the CSO NMW module indicated that, relative to all workers, NMW workers were more likely to be female, non-nationals, aged 15-24, work part-time, have lower levels of educational attainment and be employed in the service industries. Whilst in some areas the data is consistent in other areas the ESRI note more marked differences (for example regarding education, with the QNHS 2016 data indicating higher shares of NMW workers educated to higher secondary level and lower shares holding post-leaving certificates or third level qualifications).

The full ESRI paper is at Appendix 10.

## The implications of the new module for evidence based policy

In our previous reports the Commission noted that the absence of reliable and current data on hourly earnings has made it extremely difficult for researchers to provide the evidence necessary to support effective policy making in this area. Up until now researchers have relied on the SILC data to investigate earnings related issues, which while useful has some considerable drawbacks, in particular in relation to timeliness and small sample size. This was a key driving force behind our decision to pursue this new data initiative with the CSO.

Some of the benefits that will arise from these new data are the ability to:

- Accurately identify NMW workers without the need to estimate using information of reported earnings and hours worked;
- Produce current estimates of the incidence of the NMW;
- Provide detailed breakdowns of the composition and distribution of NMW employees that are not restricted due to sample size reporting restrictions;

- Estimate, on a routine and current basis, the impact of any change in the NMW rate on outcome variables such as the levels of employment or number of hours worked by minimum wage employees;
- Exploit the longitudinal aspect of the QNHS to examine the labour market transition behaviour of NMW employees, i.e. the degree to which they move in and out of NMW employment from other states such as unemployment or inactivity;
- Provide detailed estimates of the impact of various factors such as student employment, job tenure, geographical location, part-time working preferences etc. on explaining individual's exposure to minimum wage employment.

## Revenue

The Commission also approached the Statistics and Economic Research Branch of the Revenue Commissioners with a view to seeking alternative data sources which would provide information regarding those on low pay, on income distribution and on profitability of corporate employers. The Revenue Commissioners have a unique dataset, which reviews the income data of 100,000 taxpayers over a three year period from 2012 to 2014. Like the Survey on Income and Living Conditions (SILC), there is a timelag with this data, but it offers an opportunity to monitor income mobility over time, and the sample size is obviously vastly superior to the relatively small numbers surveyed under SILC (although unlike SILC it cannot be used to construct a measure of hourly earnings).

Revenue analysis examines income distributions and mobility by sector in Ireland from 2012 to 2014. It also looks at employer profitability across micro, small and medium/large enterprises. The analysis has a special focus on low income taxpayers and sectors to support the work of the Low Pay Commission (LPC). The purpose of the research is to make the best use of Revenue's tax record data, to strengthen public debate and to improve the evidence-base for policy. While analysis of incomes in Ireland and internationally is often based on a snapshot at a moment in time, this data allows measurement of income mobility over time.

Some of the key findings are as follows:

- ❑ One in three taxpayers are low paid, defined as those earning below two-thirds of median income.
- ❑ The highest proportions of low paid taxpayers are in the wholesale & retail trade (23 percent) and accommodation & food (19 percent) sectors.
- ❑ Five low pay sectors are identified, having median incomes that are substantially below the median income for all sectors. They include accommodation & food service activities, wholesale & retail trade and administrative & support service activities.
- ❑ Low pay sectors have the highest proportions of the youngest taxpayers. Two in five taxpayers are aged 24 years and under in the accommodation & food sector.

- ❑ In the low pay sectors, males earn slightly more than females while in the other sectors females earn more. The sectors with the highest ratio of males to females are construction, transport and agriculture (7.5, 2.9 and 2.8 times respectively).
- ❑ In Dublin, median incomes in low pay sectors are 7 percent higher than those outside Dublin (compared to 9 percent higher in the other sectors).
- ❑ Based on an analysis of income mobility, lower paid taxpayers working in low paid sectors have a higher chance of increasing their incomes in future years relative to others within the same sector

The Revenue paper, titled *Analysis of Low Income Taxpayers: Evidence from Tax Records* is published in full in Appendix 6, and data from the paper is also referenced in Chapters 5 and 6 under income distribution and company profitability headings.

## Chapter 5 The Economic Context

In this chapter we review the developments in a range of factors we have considered in making our recommendation on the National Minimum Wage.

### An Overview of Irish Economic Performance

The importance of a reliable measure of the aggregate size of the economy has come into focus over the last year. Such a measure is important not only for a wide range of private-sector decisions, but also from a public perspective for fiscal planning and for prudential policy making.

The Report of the Economic Statistics Review Group (ESRG) (CSO December 2016) highlighted the problems in looking at changes in GDP as an accurate indicator of the performance of the Irish economy. In particular, the report noted that “Ireland is widely referenced as a prime case study of the impact of globalisation on national economic statistics, due to its status as a small and open economy with a high concentration of MNEs”. As the replacement measure proposed by the ESRG, the so-called GNI\*, does not come on-stream until later this year, we focus on changes in domestic demand, tax receipts and employment to assess economic performance in Ireland over the last year.

### Domestic Demand

Table 8 Personal consumption 2015 and 2016 and forecasts 2017 and 2018

	2015	2016	2017	2018
Institution	percentage change			
Central Bank (Quarterly Bulletin, April 2017)	4.5	3.0	3.0	2.5
ESRI (Quarterly Economic Commentary, Spring 2017) <sup>7</sup>	4.5	3.0	3.5	3.2
Department of Finance (April 2017)	4.5	3.3	2.9	2.2
Nevin Economic Research Institute (Spring 2017)	4.5	3.0	3.4	2.3
Ibec (Spring 2017)	4.5	3.0	3.0	2.5

Source: Derived by LPC from economic commentaries.

Table 8 shows the differing views between commentators regarding personal consumption forecasts for 2017 and 2018. The Nevin Economic Research Institute and the ESRI expect personal consumption to increase this year by 3.4% and 3.5% respectively. The figures

<sup>7</sup> ESRI Summer 2017 QEC revised consumption estimates downwards to 3.1 in 2017 and 3.0 in 2018. NERI's Summer 2017 Outlook shows estimates unchanged in 2017 and revised upwards to 2.7 for 2018.

show less variation across different commentators than previous years. The Central Bank and IBEC both expect growth to remain at the 2016 level of 3% while the Department of Finance also expects personal consumption to continue to increase in 2017, albeit at a lower rate than that of 2016 at 2.9%. All of the above commentators expect a slowing in the growth rate in 2018 with figures ranging from 2.2-3.2%.

The Central Bank's Q2 2017 bulletin concluded that the main impetus to growth predicted in 2017 and 2018 is the projected strength of domestic demand. In terms of core domestic demand (consumer spending, government spending and investment excluding aircraft and R&D) growth is expected to remain strong, with Goodbody stockbrokers predicting in their Q3 2016 Irish economy health check that core domestic growth will be 4.2% for 2016 and 3.7% for 2017, albeit these figures have been revised downwards from their original forecasts of 5% and 4.4%.

The Irish economy has been experiencing more balanced economic growth with stronger growth coming from domestic sources. However, it is worthwhile noting that the significant contribution to growth from consumption and investment is construction-related in that it is increasingly influenced by activities in the residential housing and commercial property markets. Furthermore, as pointed out by the ESRI in the Spring 2017 Quarterly Economic Commentary, the persistent increase in actual and implicit rents is a growing component of consumption growth.

## Tax Receipts

According to the ESRI Spring 2017 quarterly economic commentary, end of year tax receipts for 2016 and initial estimates for 2017 indicate the continued improvement in the public finances. Overall in 2016 there was a 5 percent increase in revenue compared to 2015. This follows on from very strong increases in the previous two years of 10 and 9 percent respectively. According to the Department of Finance end June 2017 exchequer returns total tax receipts on a cumulative basis are up €892million or 4% on the same period in 2016. Income tax receipts to end June 2017 saw an increase of €274m or 3.1% compared to June 2016 while VAT receipts are up €687m or 11% in annual terms.

Figure 4 Tax Performance vs Profile

€million	End June 2017 Outturn	Vs Profile		Year on Year	
Income Tax	9,045	-214	-2.3%	274	3.1%
Value Added Tax	6,906	202	3.0%	687	11.0%
Excise Duty	2,783	-84	-2.9%	-382	-12.1%
CT	3,520	20	0.6%	341	10.7%
LPT	299	7	2.3%	5	1.7%
Other tax heads	863	-42	-4.6%	-33	-3.7%
<b>Total</b>	<b>23,415</b>	<b>-110</b>	<b>-0.5%</b>	<b>892</b>	<b>4.0%</b>

Source: Department of Finance, Exchequer Returns (end June 2017)

## Profits

The level of profits within each economic sector and particularly within low pay sectors in which NMW workers predominate is something the Commission has been keen to get data on since its inception. The Revenue paper provides some data in this regard.

The analysis examines profitability of employers by sector and size using Revenue's corporate and self-assessed tax records and defines employer size as follows:

- ❑ Micro (1 – 10 employments);
- ❑ Small (11 – 50 employments); and
- ❑ Medium / Large (over 51 employments).

It defines low pay sectors as the sectors that have median incomes substantially below the median income for all sectors. On this basis, it identifies five low paid sectors as follows:

- Accommodation & food service activities
- Other service activities
- Arts, entertainment & recreation
- Wholesale & retail trade; repair of motor vehicles and motorcycles
- Administrative & support service activities.

### Profitability of Corporate Employers

Table 9 shows the share of employments by company size in selected sectors. The majority of companies with employments are micro (68 percent) or small (24 percent).

Low pay sectors generally have a smaller share of companies with less than 10 employees. This is especially evident for the accommodation & food and wholesale & retail sectors. For instance, only 34 percent of companies in the accommodation & food sector have less than 10 employments.

Table 9 Employment Shares by company size 2014

Sector (NACE code)	Micro (1-10)	Small (11-50)	Med/Large (>50)
<b>All Sectors</b>	<b>68%</b>	<b>24%</b>	<b>8%</b>
Accommodation & food services (I)	34%	45%	21%
Other service activities (S)	72%	24%	4%
Arts, entertainment & recreation (R)	64%	27%	9%
Administrative & support services (N)	66%	22%	13%
Wholesale & retail trade (G)	59%	33%	8%

Source: Revenue - *Analysis of Low Income Taxpayers: Evidence from Tax Records*

Table 10 presents the median profits for selected sectors by company size. Larger companies have greater profits. Within the low pay sectors, profits in the accommodation & food services sector are substantially below the median profits for 'all sectors' for each company size. Companies in wholesale & retail trade have profits greater than the median for all sectors across all company size ranges.

Table 10 Median Sectoral Profits by Company Size 2014

Sector (NACE code)	€	€	€
	Micro (1-10)	Small (11-50)	Medium/ Large (>50)
<b>All Sectors</b>	<b>18,606</b>	<b>226,089</b>	<b>2,741,373</b>
Accommodation & food services (I)	13,324	130,140	815,555
Other service activities (S)	11,954	61,560	860,701
Arts, entertainment & recreation (R)	13,871	165,005	2,509,061
Wholesale & retail trade (G)	23,857	258,787	3,992,975
Administrative & support services (N)	20,296	122,794	399,682

Source: Revenue - Analysis of Low Income Taxpayers: Evidence from Tax Records

Table 11 shows the change in median sectoral profits by company size. For example, in the accommodation & food sector, median profits in micro companies rose by 2 percent in 2014 but fell by 12 percent in medium/large companies. Across all sectors, median profits increased by 9 percent for micro and small companies, while falling by 4 percent for medium/large companies in 2014.

Table 11 Change in Median sectoral profits by company size 2014

Sector (NACE code)	Change on 2013		
	Micro (1-10)	Small (11-50)	Medium/ Large (>50)
<b>All Sectors</b>	<b>9%</b>	<b>9%</b>	<b>-4%</b>
Accommodation & food services (I)	2%	0%	-12%
Other service activities (S)	3%	18%	0%
Arts, entertainment & recreation (R)	-6%	6%	6%
Wholesale & retail trade (G)	5%	4%	-6%
Administrative & support services (N)	8%	24%	2%

Source: Revenue - Analysis of Low Income Taxpayers: Evidence from Tax Records

While the above analysis focuses on companies which were profitable, a significant portion of companies do not make profits in a given year (or use losses from earlier years to offset their profits). Table 12 below records median losses across company size with medium or large companies recording the greatest losses.



Table 12 Median trading losses by sector 2014

Sector (NACE code)	Median Losses (€)		
	Micro (1-10)	Small (11-50)	Medium/Large (>50)
<b>All Sectors</b>	<b>11,281</b>	<b>44,194</b>	<b>215,935</b>
Accommodation & food services (I)	8,619	22,317	97,883
Other service activities (S)	6,709	16,894	215,090
Arts, entertainment, recreation (R)	8,860	54,477	208,007
Wholesale & retail trade (G)	14,112	42,616	287,333
Administrative/support services (N)	11,257	36,492	23,878

Source: Revenue - *Analysis of Low Income Taxpayers: Evidence from Tax Records*

## Insolvencies

Insolvency statistics published by [www.insolvencyjournal.ie](http://www.insolvencyjournal.ie) show that the total number of corporate insolvencies recorded in 2016 was 1,032. This represents a 2 percent decrease on 2015 (1,049).

An analysis of the figures by industry sectors reveals some differences. The retail industry posted a 38 percent drop in insolvencies, down from 154 in 2015 to 96 in 2016. The service sector recorded the most corporate insolvencies in 2016, with 329, up by 65% percent on 2015.

The total number of corporate insolvencies recorded in Q1 2017 was 219. This represents a 13 percent decrease on the same period in 2016 (251).

## Exchange Rates

The possible negative impact on the Irish economy of fluctuating exchange rates featured prominently in submissions to the Commission from employer groups. The decision by Theresa May, as Prime Minister of the United Kingdom, to trigger article 50 of the Treaty of the European Union on the 29 March 2017 and therefore set the exit date for the UK from the EU as the 30 March 2019 has caused particular concern in this regard. Further uncertainty has resulted from the result of the UK General Election of 8 June, 2017.

The Irish economy is seen as being particularly exposed when it comes to the economic implications of Brexit with many of the sectors in which minimum wage and low pay workers

predominate being especially reliant on trade or tourism from the UK. A weakening of Sterling is seen as having the potential to cause significant issues for Irish retail, agriculture and hospitality.

Table 13 Euro Exchange Rates

	US \$	GBP £
<b>02/07/2016</b>	1.1135	0.8383
<b>01/07/2017</b>	1.1412	0.8793
<b>% change</b>	2.48%	4.89%

Source: [http://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates](http://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates)

While Sterling did suffer from a drop in value in the immediate aftermath of the UK’s Brexit vote in June 2016, declining from £0.7464 to €1 in October 2015 to £0.8383 to €1 on the 1 July 2016, it has since steadied to some degree with the rate standing at £0.8793 to €1 on the 1 July 2017, see Table 13. However the uncertainty caused by volatility in the euro/sterling rate remains a concern for companies.

Figure 5 Euro Exchange Rates

Euro to ST £ July 2016 to 1 July 2017



Euro to US \$ July 2016 to 1 July 2017



Source: [http://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates](http://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates)

The exchange rate between the American Dollar and the Euro has also fluctuated, albeit to a lesser extent, over the last 10 months with the value of the dollar increasing from \$1.1135 to €1 on the 2 July 2016 to \$1.1412 to €1 on the 01 July 2017, representing a change of 2.48%. The Euro exchange rate with the Dollar and pound Sterling is therefore increasingly unstable and volatile and it is difficult to predict how future events will impact upon exchange rates.

## Tourism

An area of the Irish economy which could be said to be especially open to any significant shifts in the exchange rates between the Euro and Sterling or the Dollar is tourism. According to the CSO QNHS figures, 28.6% of employees in the accommodation and food services sector earn the minimum wage or less and they account for 24.7% of all minimum wage workers in Ireland. It is therefore positive to see that the number of tourists visiting Ireland continued to increase year on year from 2015 to 2016, see Table 14 below. However when examined for Q1 2016 to Q1 2017 there has been a relatively small increase of only 0.2%. While the number of visitors from the USA & Canada has increased substantially (20.7%) there has been a relatively significant dip in the number of visitors coming to Ireland from the UK in Q1 2017 compared to Q1 2016 (-11.7%) or 102,000 visitors.

Table 14 Number of overseas trips to Ireland by non-residents classified by area of residence

Trips by area of residence ('000)	2014	2015	2016	Q12016	Q12017	Y-on-Y Q1 % change
Total overseas trips	<b>7,604</b>	<b>8,643</b>	<b>9,584</b>	<b>2,062</b>	<b>2,065</b>	<b>0.2%</b>
Great Britain	3,164	3,547	3,924	958	856	-11.7%
Other Europe	2,639	3,043	2,956	726	742	2.2%
USA & Canada	1,329	1,514	1,808	284	358	20.7%
All other areas	472	538	551	94	110	14.6%

Source: Derived from CSO Stat Bank

## Harmonised Index of Consumer Prices (HICP)

The Harmonised Index of Consumer Prices (HICP) has remained unchanged in the 12 months from May 2016 to May 2017, see Table 15 below. However, inflation has been evident in a number of sectors including: Housing (1.3%), Health (1.0%), Transport (2.3%), and Education (1.7%), Restaurants and Hotels (1.9%) and Communications (0.7%). In contrast prices fell in a number of other sectors including: Clothing (-5.3%), Food and non-alcoholic beverages (-2.2%), Alcoholic beverages (-1.8%), furnishings (-3.9%) and Recreation & Culture (-1.6%).

In monthly terms the all items price index decreased slightly (-0.2%) in May 2017 on the previous month, with Transport (-3.6%) being the main driver of this reduction and Housing prices (-0.3%) also recording a small decrease. The most significant increase was recorded for Alcoholic beverages (2.6%) and Communications (1.4%), with small increases for Restaurants and Hotels (0.7%), Recreation & Culture (0.7%), Health (0.1%), Furnishings (0.4%) and Food (0.5%), while Clothing (0.0%) and Education prices (0.0%) remained static.

Table 15 HICP selected commodity groups (Base 2015=100), May 2017

Division	HICP	% Change	
	2015=100	1 month	12 months
Food and non-alcoholic beverages	97	0.5	-2.2
Alcoholic Beverages	95.3	2.6	-1.8
Clothing and Footwear	95.6	0	-5.3
Housing, water, electricity, gas and other fuels	103.2	-0.3	1.3
Health	101.8	0.1	1
Transport	98.2	-3.6	2.3
Communications	99.8	1.4	0.7
Recreation and culture	98	0.7	-1.6
Education	104.7	0	1.7
Restaurants and hotels	104.1	0.7	1.9
<b>All Items</b>	<b>100.2</b>	<b>-0.2</b>	<b>0.0</b>

Source: CSO Stat bank (derived by LPC Secretariat)

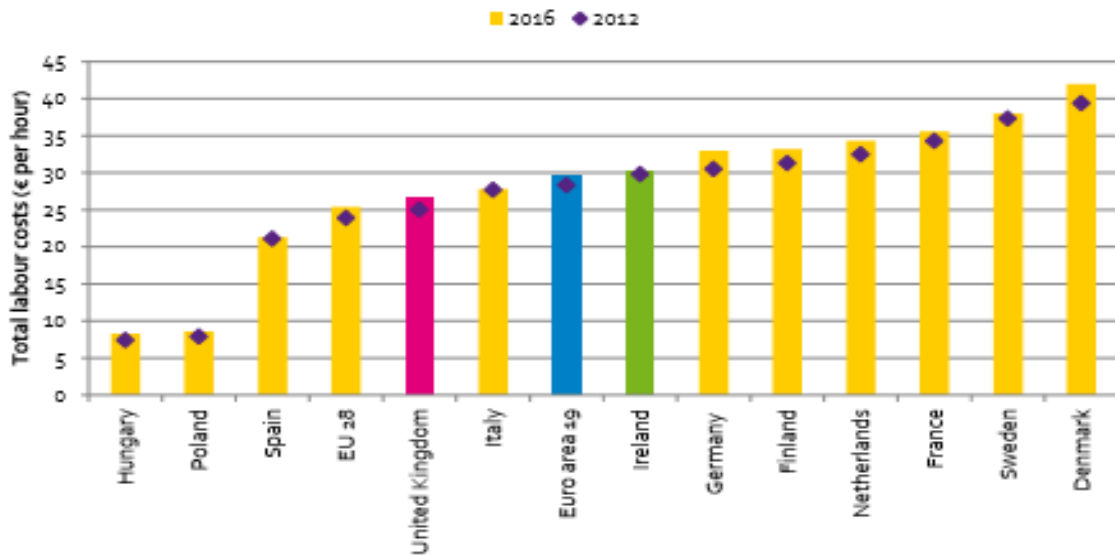
## Competitiveness

The need to maintain Ireland's competitiveness in uncertain economic conditions brought on by Brexit and the policies of the new US administration was a constant theme of submissions made to the Commission. The OECD global competitiveness report 2016-2017 ranked Ireland as the 23<sup>rd</sup> most competitive economy in the world (up one place from the 2015-2016 report). The UK was ranked as the 7<sup>th</sup> most competitive economy (up three places from last year). Ireland was once again the 11<sup>th</sup> most competitive economy in the EU.

A recent 2017 study undertaken by the International Management Development (IMD) business school in Switzerland and referenced by the National Competitiveness Council (NCC) placed Ireland higher as the sixth most competitive economy in the world and second most competitive economy in the EU. These latest rankings saw Ireland improve from seventh place last year and represent Ireland's highest ranking since the year 2000. Across four key indicators Ireland ranked 4<sup>th</sup> for economic performance, 9<sup>th</sup> for government efficiency, 3<sup>rd</sup> for business efficiency and 19<sup>th</sup> for infrastructure. The IMD report further identified the five top challenges facing the Irish economy as Brexit, global economic growth, exchange rate volatility, monetary tightening by the ECB and enhancing investment in infrastructure.

The NCC report "Cost of Doing Business in Ireland 2017" examined total economy hourly labour costs across the EU and found that Ireland's average rate of €30.40 per hour was the eighth highest in the Euro Area in 2016, Denmark recorded the highest average costs in the EU at €42.00 per hour while Bulgaria recorded the lowest at €4.40. Ireland's average hourly labour costs were 12% higher than the UK's, see Figure 6 below.

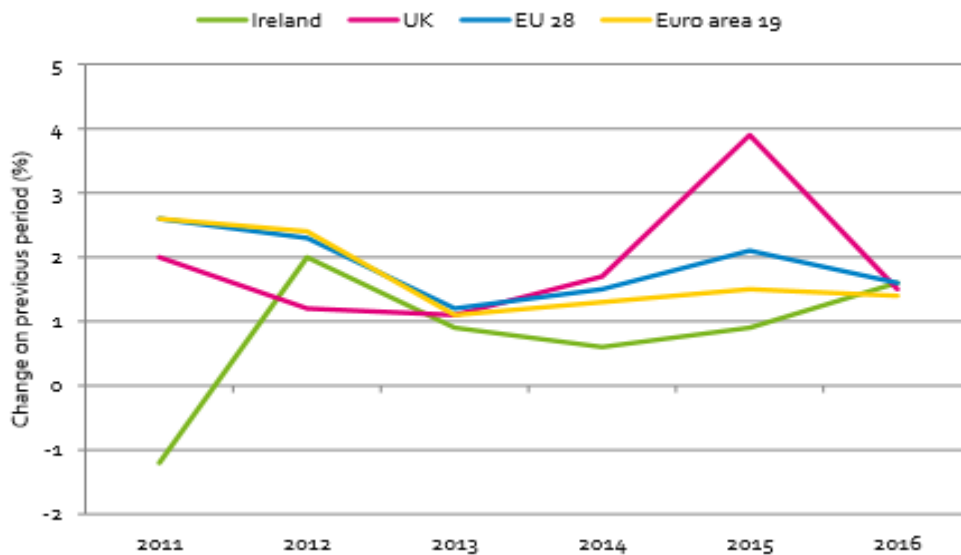
Figure 6 Total Economy Hourly Labour Costs, 2016



Source: National Competitiveness Council “Cost of Doing Business in Ireland 2017”

In 2016 Irish labour costs grew by 1.6% which was equal to the average growth figure across the EU28 (1.6%) and greater than that experienced by the Euro Area (1.4%) and the United Kingdom (1.5%). As can be seen in Figure 7 below the year on year growth rates of Irish labour costs for the period 2011-2016 have been below the comparable rates across the EU28.

Figure 7 Irish Labour Costs – change on previous period



Source: National Competitiveness Council “Cost of Doing Business in Ireland 2017”

## Employer Social Security Tax Rates Comparison

The European Commission's "Taxation trends in the European Union, 2016 edition" shows that both as a percentage of GDP or as a percentage of total taxation employers' social contributions in Ireland are below the EU average and that in both categories Ireland ranks 25<sup>th</sup> out of the 28 EU member states, see Table 16.

Table 16 Employer Contributions as a % of GDP and as a % of Total taxation

Employer Contributions as a % of GDP			Employer Contributions as a % of Total Taxation		
	% of GDP	2014 Ranking among EU28		% of total taxation	2014 Ranking among EU28
<b>EU-28</b>	6.9%	-	EU-28	17.8%	-
<b>EA-19</b>	8.1%	-	EA-19	20.1%	-
<b>France</b>	11.6%	1	Estonia	31.8%	1
<b>Estonia</b>	10.2%	2	Czech Rep	27.6%	2
<b>Czech Rep</b>	9.4%	3	Lithuania	27.0%	3
<b>Italy</b>	8.8%	4	France	25.2%	4
<b>Belgium</b>	8.8%	5	Slovakia	24.6%	5
<b>Germany</b>	6.6%	12	Germany	17.2%	14
<b>UK</b>	3.5%	24	UK	10.7%	24
<b>Ireland</b>	3.1%	25	Ireland	10.3%	25

Source: Derived from European Commission "Taxation Trends in the European Union, 2016 Edition"

In Table 17 which is derived from the OECD "Taxing Wages 2017" report the total compulsory employee and employer contributions in selected EU countries are measured against 67% of the average wage for a single person. The results show that among selected countries Ireland has significantly lower compulsory employee contributions (4%) than many of its counterparts, Germany representing the upper end of the scale (20.7%) while Portugal (6.3%) is closest to Ireland. For low wage earners, Ireland also has the lowest rate of employer contributions (10.7%) which is again significantly below many other EU member states, which at the upper end of the scale are close to three times the Irish rate (Italy, 31.9%).

Table 17 Employee and Employer compulsory contributions in selected EU countries (measured against 67% of average gross earnings)

Country	67% of Av Earnings	Employee Contributions	% of Average	Employer Contributions	% of Average
Ireland	€23,846	€954	4%	€2,563	10.7%
Austria	€29,754	€5,349	18%	€8,601	28.9%
Belgium	€31,202	€4,328	13.9%	€8,364	26.8%
France	€25,493	€3,646	14.3%	€7,940	31.3%
Germany	€32,032	€6,623	20.7%	€6,190	19.3%
Italy	€20,530	€1,948	9.5%	€6,545	31.9%
Luxembourg	€37,652	€4,795	12.7%	€4,578	12.1%
Netherlands	€34,072	€5,599	16.4%	€3,846	11.3%
Portugal	€11,739	€1,291	11.0%	€2,788	23.7%
Spain	€17,896	€1,136	6.3%	€5,351	30.0%

Source: Derived from OECD "Taxing Wages, 2017"

Evidence would therefore indicate that while different models are used across countries Ireland does rank lower when it comes to both employer and employee contributions than many other EU countries. The Commission does however caution that international comparisons are not an exact like for like in this instance and that different taxation systems each have their own benefits (for example healthcare and pension benefits funded by social insurance contributions may be higher in other countries).

## Chapter 6 The Irish Labour Market

### The Irish Labour Market

The Irish labour market continues to recover. The unemployment rate fell from 9.5% in 2015 to 7.9% in 2016 and further to 6.3% in June 2017. Forecasts for 2017/ 2018 are in Table 18, with only Ibec suggesting that the rate will remain above 6% next year.

Table 18 Employment and Unemployment Indicators

Institution	Total Employment			Unemployment Rate		
	% change			%		
	2016	2017	2018	2016	2017	2018
Central Bank (Quarterly Bulletin, April 2016)	2.9	2.6	1.9	7.9	6.4	5.6
ESRI (Quarterly Economic Commentary, Spring 2016)	2.9	2.9	2.3	7.9	6.4	5.6
Department of Finance SPU forecasts 2016 (April 2016)	2.9	2.7	2.4	7.9	6.4	5.8
Nevin Economic Research Institute	2.9	2.8	1.6	7.9	6.3	5.8
Ibec	2.9	2.4	1.6	7.9	6.8	6.2

Source: LPC - derived from OECD "Taxing Wages, 2017"

The number of people employed in 2016 increased by 65,100 (see Table 19) bringing total employment to 2,048,100, breaking the 2,000,000 barrier for the first time since 2008. Growth in the Construction sector outpaced employment growth in all other sectors. Numbers in employment peaked at 2,169,600 in Q3 2007. Forecasts suggest continuing growth in 2018.

Table 19 Employment by Sector (Persons over 15 years)

Sector	2014Q4	2015Q4	2016Q4	Change '000	Change %
Agriculture, forestry and fishing (A)	105.9	106.4	109.7	3.3	3.10%
Industry (B to E)	244.5	248.4	259.1	10.7	4.30%
Construction (F)	116.7	126.6	138.2	11.6	9.20%
Wholesale and retail trade, repair of motor vehicles and motorcycles (G)	276.7	279.4	283.2	3.8	1.40%
Transportation and storage (H)	90.2	93.8	96.4	2.6	2.80%
Accommodation and food service activities (I)	137.5	143.1	148	4.9	3.40%
Information and communication (J)	83.5	85.4	89.9	4.5	5.30%
Financial, insurance and real estate activities (K,L)	101.8	97.8	101.5	3.7	3.80%
Professional, scientific and technical activities (M)	117.1	119.3	126.1	6.8	5.7%



Sector	2014Q4	2015Q4	2016Q4	Change '000	Change %
Administrative and support service activities (N)	65.6	67.1	67.3	0.2	0.3%
Public administration and defence, compulsory social security (O)	94.7	99.1	101.2	2.1	2.1%
Education (P)	154	153.5	156.1	2.6	1.7%
Human health and social work activities (Q)	248.9	253.7	257.5	3.8	1.5%
Other NACE activities (R to U)	98.1	102.7	106.3	3.6	3.5%
Not stated	3.6	6.6	7.4	0.8	12.1%
All NACE economic sectors	1,938.90	1,983.00	2,048.10	65.1	3.3%

Source: CSO

The labour force participation rate in Q4 2016 was unchanged at 60.1% and has been relatively static over the last five years. The ILO unemployment rate of 7.1% down from 9.1% shows some tightening of the labour market, although the lack of change in the participation rate indicates it remains relatively slack. A dip in the male participation rate, to 67.1% from 67.5%, contrasts with an increase in female participation rates to 53.3% (from 52.8%).

Table 20 ILO Participation and Unemployment Rates (Quarter 4)

Participation and unemployment rates	Age (years)	2011	2012	2013	2014	2015	2016
		%	%	%	%	%	%
<b>Both sexes</b>							
Participation rate	15 +	60.1	59.6	60.1	59.8	60	60.1
Unemployment rate	15 - 74	14.6	13.8	11.8	10	8.7	6.7
PR - seasonally adjusted	15 +	60.3	59.8	60.3	59.9	60.1	60.2
UR - seasonally adjusted	15 - 74	15.1	14.3	12.2	10.4	9.1	7.1
<b>Male</b>							
Participation rate	15 +	67.9	67.2	67.8	67.4	67.5	67.1
Unemployment rate	15 - 74	17.7	16.6	13.3	11.5	10.4	7.5
PR - seasonally adjusted	15 +	68	67.3	67.9	67.6	67.6	67.3
UR - seasonally adjusted	15 - 74	18.2	17.1	13.8	11.9	10.7	7.8
<b>Female</b>							
Participation rate	15 +	52.6	52.3	52.8	52.4	52.8	53.3
Unemployment rate	15 - 74	10.7	10.3	9.8	8.1	6.6	5.8
PR - seasonally adjusted	15 +	52.8	52.5	52.9	52.5	52.9	53.4
UR - seasonally adjusted	15 - 74	11.2	10.9	10.4	8.6	7.1	6.2

Source: CSO

A striking feature of the data is that the growth in total employment over the year to Q4 2016 was composed entirely of an increase in full-time employment, with a decline in part-time employment and the number of self-employed virtually unchanged (down 100).

Employment growth remains broadly based, with increases in all sectors, ranging from an albeit marginal increase of 0.3 percent in *Administrative and support services* to 9.2 percent in *Construction* (largely centralised in Dublin). Strong growth of over 5 percent was seen in the *Professional, scientific and technical* and in the *Information and communication sectors*.

## A Regional Perspective

Changes in employment, unemployment and labour participation rates at a national level can sometimes mask considerable disparities in development at a regional level, so it is useful to analyse their impact on a regional basis.

The number of people employed in each of the eight regions in Quarter 4 2016 is shown in Table 21 below, set against both their previous lowest point during the downturn and their previous high points. Growth in employment is seen in all regions. After Dublin, which is up 22.4% from its low point, and within 2% of its high point, the Midlands and South-East have experienced the greatest increase in employment in percentage terms. Together with the Mid-East, these three regions are now within around 5% of their previous peak employment.

Table 21 Employment by region

Region	Low Point	High Point	Q4 2016	% Change from Low Point	% Change from High Point
Dublin	514,500	640,500	629,900	22.43%	-1.65%
South West	264,600	317,400	290,000	9.60%	-8.63%
Mid-East	216,700	255,600	241,600	11.49%	-5.48%
South East	181,300	227,000	214,800	18.48%	-5.37%
West	177,000	207,400	188,400	6.44%	-9.16%
Border	171,500	221,900	197,500	15.16%	-11.00%
Mid-West	144,500	175,000	164,400	13.77%	-6.06%
Midlands	101,700	127,700	121,600	19.57%	-4.78%

**Source:** PublicPolicy.ie, An Uneven Recovery? Employment Variations by Region (updated by LPC)

The Border region, while showing good growth of over 15%, is now the furthest from its highpoint (at 11 percent below), taking over this mantle from the West last year. It is the only region remaining in double digits behind, contrasting with the same period last year when 5 of the eight regions were more than 10% below their peak employment level.

Employment overall is still below peak levels, and this is true for all regions.

Unemployment has varied significantly across the different regions since the economic downturn. Table 22 highlights the fact that the South East region experienced the highest unemployment rate in the country at 20.1 percent between the period of 2011 and 2013. Dublin's unemployment rate peaked at 13.4 percent.

Table 22 Unemployment by region - peak

Region	Peak Rate (%)	Q4 2016 (%)	Change from Peak (PP*)
Dublin	13.4	6.0	-7.4
South West	14.3	5.7	-8.6
Mid-East	14.5	5.3	-9.2
South East	20.1	9.4	-10.7
West	17.2	7.9	-9.3
Border	17.8	8.0	-9.8
Mid-West	17.1	6.0	-11.1
Midlands	19.6	7.9	-11.7

Source: PublicPolicy.ie, An Uneven Recovery? Employment Variations by Region (updated by LPC)

\* PP = percentage points

All areas have now seen their unemployment rate more than halve, with seven of the eight regions being below 8 percent (the outlier being the South East, at 9.4%). Table 22 shows that the greatest declines in terms of percentage points have been in the Midland (11.7 pp), the Mid-West (11.1 pp) and the South-East (10.77 pp). The lowest unemployment rate is 5.3 percent in the Mid-East, followed by 5.7 percent in the South-West, which are beginning to approach historical lows.

It is clear that the growth seen earlier in the Dublin region is now becoming evident around the country.

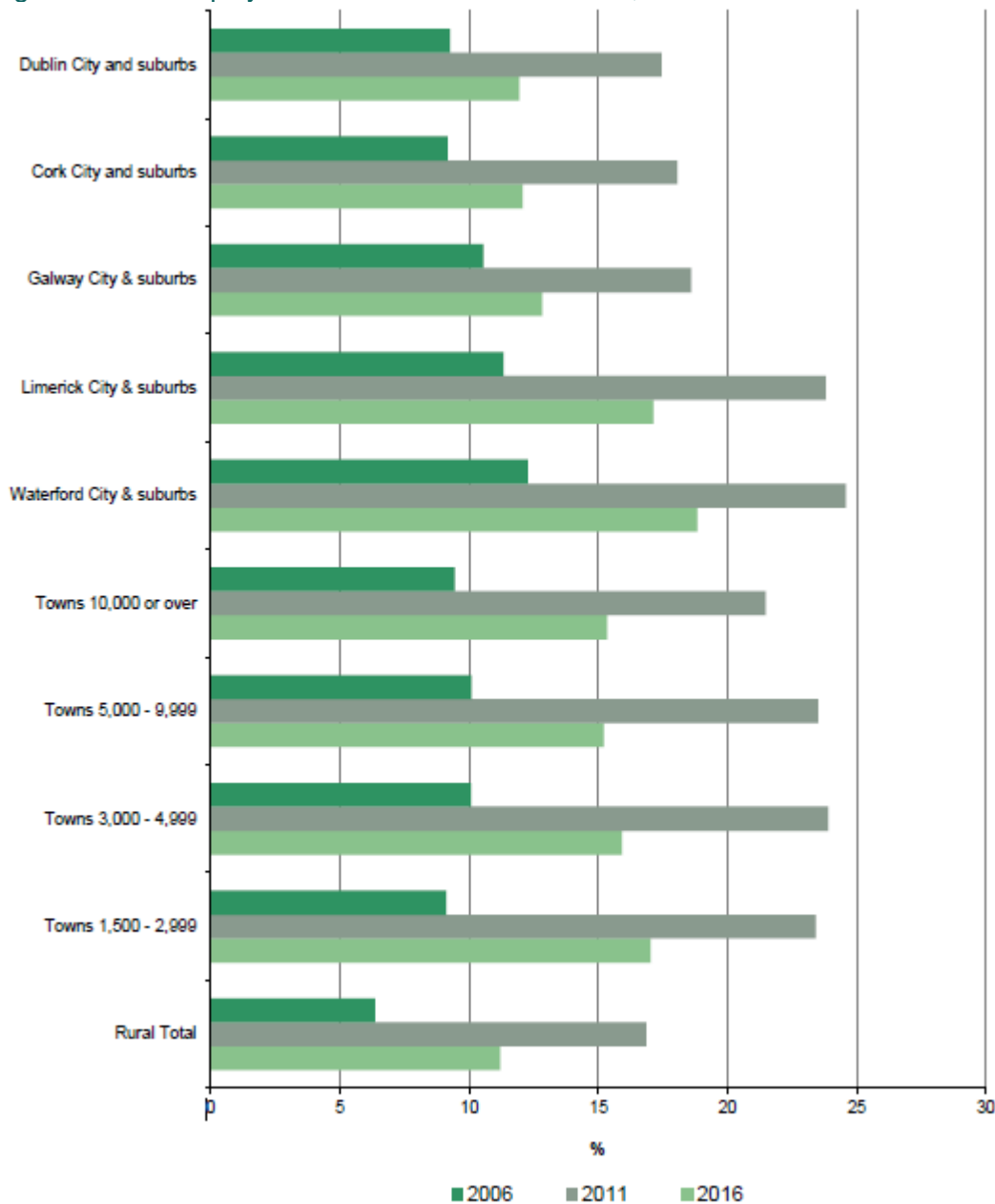
### Unemployment in towns

CSO data from the 2016 census, looking over a longer time period, shows that urban areas had a marginally higher unemployment rate<sup>8</sup> (13.9%) than rural areas (11.2%). Among the cities, Waterford City including its suburbs had the highest unemployment rate (18.8%), while Dublin City including its suburbs had the lowest unemployment rate (11.9%). Of the large towns (population 10,000 and over), Longford (30.6%) had the highest unemployment rate whilst

<sup>8</sup> Differences between these figures and the unemployment rate referred to above arise because the Census records an unemployment rate (based on Principal Economic Status) of 12.9 percent, compared with the official rate (based on ILO criteria) of 8.6 percent. Notwithstanding these differences, the Census data provides useful information for small geographic areas, and allows for analysis on the comparisons between areas, and the provision of data on unemployment blackspots.

Malahide (5.4%) had the lowest in April 2016. Small towns (population 1,500 - 2,999) tended to have higher unemployment rates than larger towns.

Figure 8 Unemployment rates in towns and cities, 2006-2016



Source: CSO, Census 2016 Summary Results - Part 2 (Chapter 2)

### Unemployment Blackspots at Electoral Division level

The census also provides data for small areas such as Electoral Divisions (EDs), and can identify EDs where the unemployment rate in April 2016 was considered high relative to the level of the State overall. Defining an unemployment blackspot as an ED whose labour force exceeded 200 persons and where the unemployment rate (on a Principal Economic Status basis) exceeded 27 percent, the CSO identified 79 unemployment blackspots, with an average

unemployment rate of 31.2 percent compared with 12.9 percent nationally. (These 79 EDs represent 2.3% of the 3,440 EDs in the country.)

The administrative areas Dublin City, Cork City, Limerick City and County and Waterford City and County accounted for approximately half of the 79 unemployment blackspots nationwide, with close to a further quarter in the city of Limerick.

## Changes in Earnings

The changes in earnings between quarter one of 2016 and quarter one of 2017 are set out in Table 23. These data are for all sectors excluding agriculture.

Table 23 Changes in earnings since Q1 2016 (average weekly earnings and hours)

NACE Rev 2	Average Weekly Earnings (Euro)			Average Hourly Earnings (Euro)			Average Weekly Paid Hours (Hours)		
	2016Q1	2017Q1	% change	2016Q1	2017Q1	% change	2016Q1	2017Q1	% change
All employees									
All NACE economic sectors	713.41	723.08	1.4%	22.52	22.68	0.7%	31.7	31.9	0.6%
Mining and quarrying (B)	914.82	832.04	-9.0%	23.59	21.65	-8.2%	38.8	38.4	-1.0%
Manufacturing (C)	863.63	870.81	0.8%	22.58	22.84	1.2%	38.2	38.1	-0.3%
Construction (F)	708.35	735.07	3.8%	19.66	20.15	2.5%	36.0	36.5	1.4%
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	541.43	546.20	0.9%	17.87	18.13	1.5%	30.3	30.1	-0.7%
Transportation and storage (H)	735.83	762.47	3.6%	20.71	21.34	3.0%	35.5	35.7	0.6%
Accommodation and food service activities (I)	316.09	326.90	3.4%	12.41	12.74	2.7%	25.5	25.7	0.8%
Information and communication (J)	1142.38	1094.84	-4.2%	31.51	30.36	-3.6%	36.2	36.1	-0.3%
Financial and insurance activities (K)	1212.46	1227.23	1.2%	33.85	34.79	2.8%	35.8	35.3	-1.4%
Real estate activities (L)	807.94	798.96	-1.1%	25.57	25.72	0.6%	31.6	31.1	-1.6%
Professional, scientific and technical activities (M)	862.77	885.05	2.6%	25.77	26.37	2.3%	33.5	33.6	0.3%
Administrative and support service activities (N)	524.24	551.41	5.2%	18.08	18.09	0.1%	29.0	30.5	5.2%
Public administration and defence; compulsory social security (O)	897.14	916.26	2.1%	25.35	25.16	-0.7%	35.4	36.4	2.8%
Education (P)	795.11	802.87	1.0%	33.86	33.80	-0.2%	23.5	23.8	1.3%
Human health and social work activities (Q)	678.21	690.59	1.8%	22.07	22.30	1.0%	30.7	31.0	1.0%
Arts, entertainment and recreation (R)	513.76	535.96	4.3%	18.66	18.75	0.5%	27.5	28.6	4.0%
Other service activities (S)	439.90	420.30	-4.5%	16.02	15.26	-4.7%	27.5	27.6	0.4%
Public/Private Sector <sup>2</sup>									
Private sector	659.15	669.09	1.5%	20.89	21.08	0.9%	31.6	31.7	0.3%
Public sector <sup>1</sup>	901.69	915.73	1.6%	28.10	28.29	0.7%	32.1	32.4	0.9%
Size of Enterprise									
Less than 50 employees	556.99	569.47	2.2%	18.39	18.77	2.1%	30.3	30.3	0.0%
50-250 employees	667.17	663.47	-0.6%	20.85	20.74	-0.5%	32.0	32.0	0.0%
Greater than 250 employees	846.76	858.12	1.3%	25.99	26.03	0.2%	32.6	33.0	1.2%

**Source:** CSO Earnings and Labour Costs Quarterly, statistical release, 26 May 2017. Data for the latest quarter is preliminary and subject to revision.

Average earnings per hour in the year to Q1 2017 increased in both the public and private sectors (by 0.7% and 0.9% respectively), with average weekly earnings also up in the same

period, by a slightly higher figure (1.6% and 1.5%). Average earnings, (both hourly and weekly), increased by more in smaller-sized enterprises, where growth in both hourly and weekly earnings was up by over 2%, than in large enterprises. Earnings fell in medium-sized enterprises.

Highest growth in hourly earnings occurred in the *transportation and storage* (3%), and *finance and insurance* sectors (2.8%), while *accommodation and food services* increased strongly also, at 2.7%. *Mining and quarrying* and *other service activities*, both saw significant decline in average hourly pay (at -8.2% and -4.7%). Both these sectors also saw the highest decline in weekly income. Strongest growth in weekly income was in the *administrative and support service activities* sector (at +5.2%), with *arts, entertainment and recreation, transportation and storage* and *accommodation and food services* also faring well.

The biggest changes in terms of average hours worked were in the *administrative and support service activities* and *arts, entertainment and recreation* sectors, but some 6 sectors experienced a decline in hours worked (the highest at -1.6%).

Up to date information (2015) relating to average hourly earnings in the *Agriculture* sector is not to hand but the latest available data is shown in Table 24 below.

Table 24 Average Hourly Earnings in the Agriculture sector

	2009	2010	2011	2012	2013	2014
<b>Annualised Amount per Labour Unit</b>	€17,667	€20,783	€18,663	€20,789	€20,089	€18,689
<b>Rate per Hour - 1800 hours per year</b>	€9.81	€11.55	€10.37	€11.55	€11.16	€10.38
<b>3 year rolling average - Annual</b>	€20,223	€19,038	€20,078	€19,847	€20,439	€19,856
<b>3 year rolling average - hourly</b>	€11.24	€10.58	€11.15	€11.03	€11.35	€11.03

Source: Teagasc

## Income Distribution and Income Inequality

The annual Survey of Income and Living Conditions (SILC) carried out by the CSO is the main source of information on income distribution. Summary statistics are provided in Table 25 (latest available data is 2015).

Table 25 Survey of Income and Living Conditions

	2010	2011	2012	2013	2014	2015	% change
Income	€	€	€	€	€	€	y-on-y
<b>Nominal Income – Equivalised disposable income per individual</b>							
Median	18,591	18,148	18,276	18,262	18,864	20,000	6.0%
Mean	22,138	21,440	21,578	21,995	22,396	23,301	4.0%
At risk of poverty threshold*	11,155	10,889	10,966	10,957	11,318	12,000	6.0%
<b>Real Income 1 – Equivalised disposable income per individual</b>							
Median	19,273	18,555	18,276	18,078	18,623	19,772	6.2%
Mean	22,950	21,920	21,578	21,773	22,109	23,035	4.2%
At risk of poverty threshold	11,564	11,133	10,966	10,846	11,173	11,863	6.2%
<b>Poverty &amp; deprivation rates (%)</b>							
At risk of poverty threshold	14.7	16	17.3	16.5	17.2	16.9	-1.7%
Deprivation Rate	22.6	24.5	26.9	30.5	29	25.5	-12.1%
Deprivation rate for those at risk of poverty	42.9	43.2	48.9	55.1	51.2	51.5	0.6%
Consistent poverty	6.3	6.9	8.5	9.1	8.8	8.7	-1.1%
<b>Income equality indicators</b>							
Gini coefficient (%)	31.4	31.1	31.8	32	32	30.8	-3.8%
Income quintile share ratio	4.8	4.9	5.1	5	5.1	4.7	-7.8%

\*AROP threshold = 60% of median income

<sup>1</sup> Deflator base year 2012

<sup>2</sup> Experienced two or more types of enforced deprivation

Revised SILC results have been produced for reference years 2012-2014 (processing error related to the method used to calculate Universal Social Charge (USC) and Pay Related Social Insurance (PRSI)). Earlier years are not affected.

For details see <http://www.cso.ie/en/silc/methodology/>

Source: CSO

Pre-tax and transfer distribution of income in Ireland is one of the most unequal in the OECD. Our tax and transfer system, on the other hand, is progressive, resulting in a distribution of income post-tax and transfers at around the OECD average.

Both nominal and real disposable income increased by a strong 4-6 percent (mean and median respectively) and the deprivation rate fell sharply (12.1 percent) between 2014 and 2015. Similarly the Gini coefficient fell, signalling a reduction in inequality, and the income quintile share ratio fell below 5 for the first time since 2011.

## Revenue Analysis of Low Income Taxpayers

As mentioned earlier, the Statistics and Economic Research Branch of Revenue undertook an analysis of low income taxpayers (and employer profitability) at the request of the Low Pay Commission. The detailed paper highlights a number of constraints and qualifications around the nature of the data, so care should be taken in the interpretation or drawing of conclusions. The analysis of low income taxpayers is based on a longitudinal dataset, which follows a stratified random sample of approximately 100,000 taxpayers (from the entire population of 2.1 million tax units on Revenue records) for 4 years from 2011 to 2014.

The Revenue analysis identifies 5 low pay sector (identified as the sectors that have median incomes substantially below the median income for all sectors) as follows:

1. Accommodation & food service activities (I)
2. Other service activities (S)
3. Arts, entertainment & recreation (R)
4. Wholesale & retail trade; repair of motor vehicles and motorcycles (G)
5. Administrative & support service activities (N)

It also provides a distribution of gross income by sector of employment, showing mean income at €36,126 in 2014 with median income at €26,463.<sup>9</sup> (Table 26). On this basis they define a 'low pay threshold' of €17,642, two-thirds of median income.

Overall, one third of taxpayers (34 percent) earn below this low income threshold. In particular, 68 percent of taxpayers in the accommodation & food sector and 46 percent of those in the wholesale and retail sectors earn below this threshold whereas only 15 percent of taxpayers in the financial, insurance & real estate sector earn below this amount.

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<sup>9</sup> Compared to income data from the CSO's survey of Earnings, Hours and Employment Costs (EHEC), overall trends in incomes and proportions across sectors are broadly similar. In 2014 for example, average PAYE earnings are €36,126 on the tax records compared to €36,090 in the EHEC data.



Table 26 Mean and Median Income by Sector

Sector (NACE code)	€ Mean Income	€ Median Income	% Change on 2013	% Earning <€17,642	Share
<b>All Sectors</b>	<b>36,126</b>	<b>26,463</b>	<b>0.3%</b>	<b>34%</b>	<b>100%<sup>1</sup></b>
<b>Low Pay Sectors</b>	<b>23,173</b>	<b>16,938</b>	<b>0.2%</b>	<b>-</b>	<b>36%</b>
<b>Other Sectors</b>	<b>42,390</b>	<b>33,732</b>	<b>-0.5%</b>	<b>-</b>	<b>61%</b>
Accommodation & food services (I)	15,169	11,476	-2.0%	68%	9%
Other service activities (S)	23,340	16,955	-3.7%	52%	3%
Arts, entertainment & recreation (R)	29,629	18,065	2.4%	49%	2%
Wholesale & retail trade (G)	25,857	19,231	1.4%	46%	16%
Administrative & support services (N)	25,923	19,401	3.8%	46%	6%
Agriculture, forestry & fishing (A)	35,637	25,328	-3.7%	37%	4%
Construction (F)	31,610	25,583	3.3%	36%	5%
Human health & social work (Q)	35,713	29,058	-1.4%	29%	8%
Professional, scientific & technical (M)	42,459	30,324	4.1%	26%	6%
Transportation & storage (H)	37,057	31,623	-2.1%	21%	4%
Industry (B-E)	40,080	32,880	-0.5%	21%	9%
Information & communication (J)	44,260	34,469	0.2%	25%	4%
Education (P)	36,970	35,561	-2.6%	27%	5%
Public administration & defence (O)	42,809	39,079	-1.6%	15%	6%
Financial, insurance & real estate (K, L)	63,887	45,612	3.8%	15%	9%

**Source:** Revenue - *Analysis of Low Income Taxpayers: Evidence from Tax Records*

Overall, single male and female taxpayers have similar median incomes. In the low pay sectors, males earn slightly more than females (€13,916 compared to €13,469) while in the other sectors females earn more (€27,450 compared to €24,441).

Males earn more than their female counterparts in the two largest low pay sectors (namely, *accommodation & food* and *wholesale & retail*), although the reverse is true for the smaller low pay sectors.

There are more females working in the low pay sectors (0.9 males to every female). The sectors with the highest concentration of male workers are the *construction*, *transport* and *agriculture* sectors, which have 7.5, 2.9 and 2.8 times as many males as females. The sectors with the highest concentration of females are the *human health* and *education* sectors where only 30 percent and 40 percent of employees are males.

## Regional distribution

The BMW region has the lowest median income across nearly all sectors examined. A noticeable exception is the *agriculture, forestry & fishing* sector where employees in the BMW region earn more than in the other regions.<sup>10</sup>

Table 27 Median income by region

Sector (NACE code)	€	€	€	€
	Dublin	BMW	ESE	SW
<b>All Sectors</b>	<b>27,476</b>	<b>24,542</b>	<b>26,926</b>	<b>26,362</b>
<b>Low Pay Sectors</b>	<b>17,681</b>	<b>15,307</b>	<b>17,418</b>	<b>16,929</b>
<b>Other Sectors</b>	<b>35,843</b>	<b>31,496</b>	<b>33,257</b>	<b>34,380</b>
Accommodation & food services (I)	12,838	10,293	11,333	10,906
Other service activities (S)	17,236	14,664	18,249	17,178
Arts, entertainment & recreation (R)	22,129	12,038	15,864	16,989
Wholesale & retail trade (G)	19,730	18,000	19,729	19,398
Administrative & support services (N)	19,353	18,184	20,182	19,547
Agriculture, forestry & fishing (A)	-	30,385	21,346	26,052
Construction (F)	27,052	24,538	24,746	27,046
Human health & social work (Q)	31,589	27,861	28,653	26,929
Professional, scientific & technical (M)	32,000	26,705	30,276	30,833
Transportation & storage (H)	33,698	27,911	32,370	30,582
Industry (B-E)	34,924	29,717	32,931	36,075
Information & communication (J)	38,095	31,648	31,525	32,054
Education (P)	32,284	35,912	37,368	36,113
Public administration & defence (O)	40,791	37,022	40,031	38,738
Financial, insurance & real estate (K, L)	46,838	41,555	47,311	43,760

Source: Revenue - Analysis of Low Income Taxpayers: Evidence from Tax Records

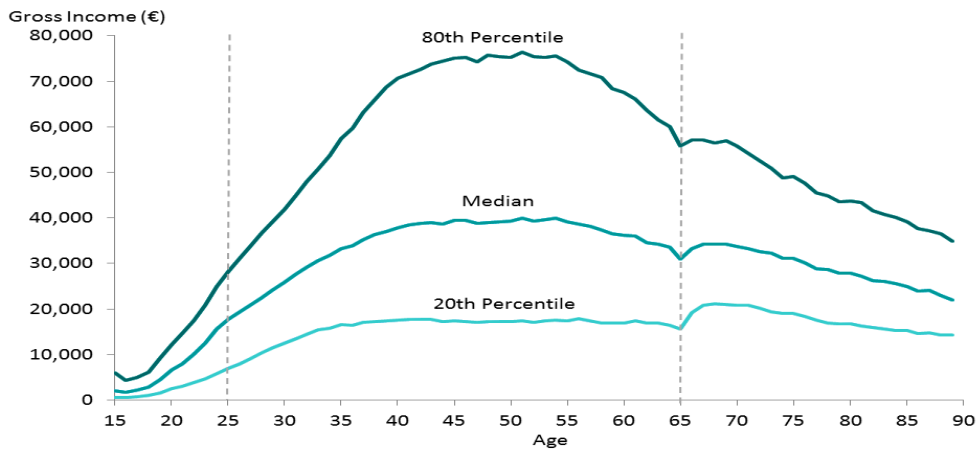
## Income mobility

Revenue analysis aims to shed new light on the dynamic aspect of the income distribution: who moves up and down the income distribution over time?

The income distribution is shown by taxpayer age in Figure 9. Income growth is strongest among the youngest taxpayers (this may be attributable to these taxpayers transitioning from school to work, which can generate mobility from the bottom of the distribution) while incomes typically peak for those between the ages of 40 and 55. Also apparent is that the rate of growth is larger for the higher percentiles.

<sup>10</sup> Note that self-assessed taxpayers are excluded from the analysis in order to focus on PAYE employees.

Figure 9 Income Distribution by Age, 2014



Source: Revenue - Analysis of Low Income Taxpayers: Evidence from Tax Records

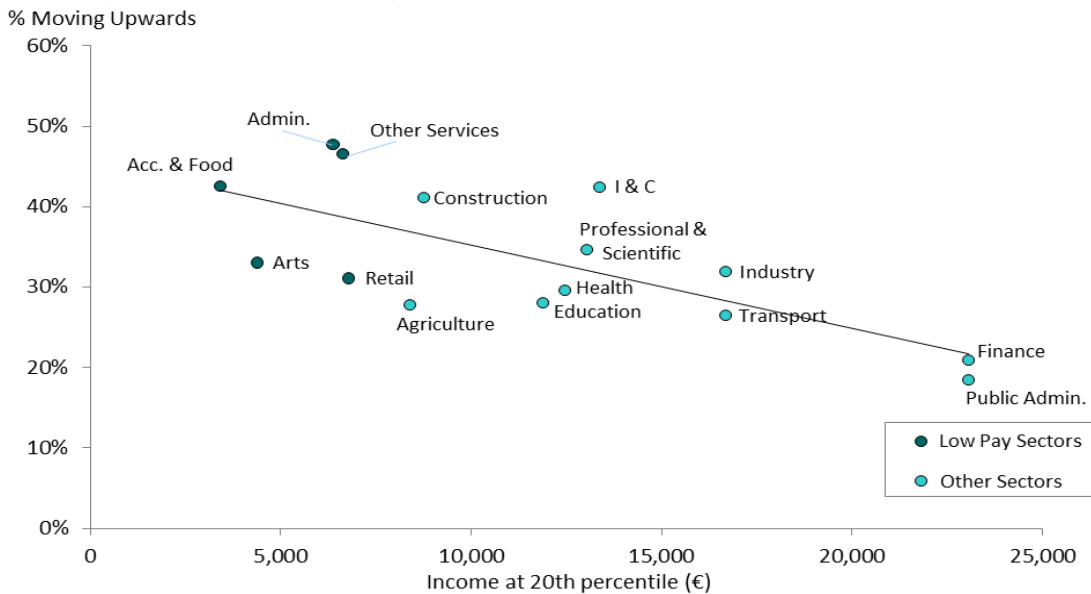
Note: This figure uses the population data to retain sufficient sample size and is compiled using 1.96 million tax cases.

### Sectoral Income Mobility of Taxpayer Population

Income mobility within each sector is examined for taxpayers aged 25 to 64 (only those taxpayers who remain employed in the same sector in both 2013 and 2014 are considered).

Figure 10 indicates there is greater upward mobility from the bottom quintile within the lower paid sectors. In other words, lower paid taxpayers working in low pay sectors have a higher chance of increasing their incomes relative to others within the same sector. For example, the accommodation & food services sector is a low paid sector but a large proportion (43 percent) moved upwards, from the bottom 20 percent of taxpayers, between 2013 and 2014.

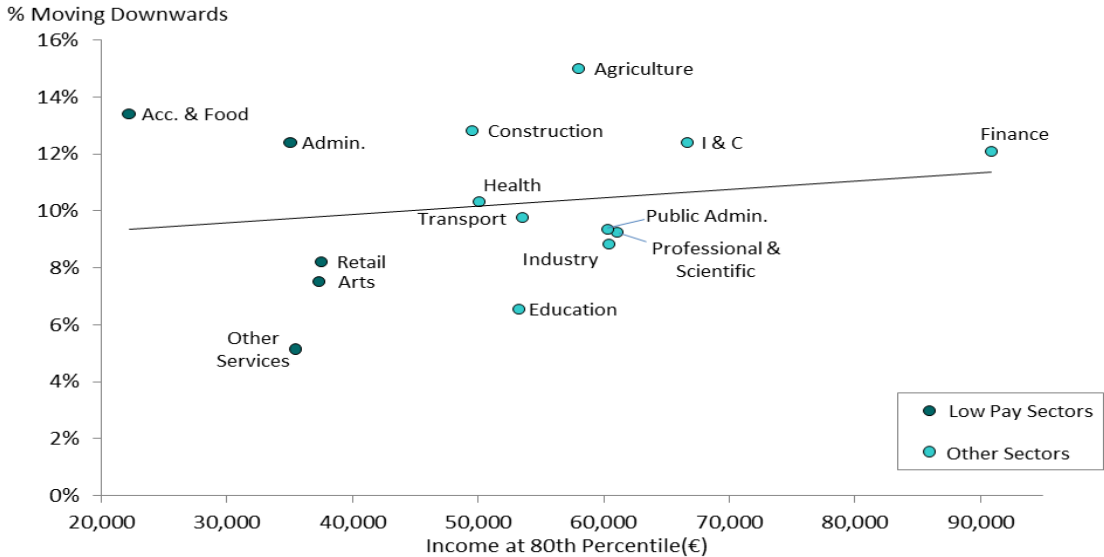
Figure 10 Upward Sectoral Mobility from Bottom Quintile, 2013-2014



Source: Revenue - Analysis of Low Income Taxpayers: Evidence from Tax Records

Figure 11 plots the proportion of taxpayers moving downwards. In the top quintile, taxpayers in sectors with lower pay are less likely to move downwards to a lower quintile. The low pay sectors with the lowest downward mobility from the top quintile are other services, arts and retail. For instance, 8 percent of taxpayers in the retail sector moved downwards within that sector between 2013 and 2014, while 12 percent of taxpayers in the finance sector move downwards over the period.

Figure 11 Downward Sectoral Mobility from Top Quintile, 2013–2014



Source: Revenue - Analysis of Low Income Taxpayers: Evidence from Tax Records

## Chapter 7 Housing and Childcare Costs

There are a number of issues, not all directly within the pay/employment relationship, which are raised time and again in interactions with the Commission, both in written submissions and in oral hearings. Two issues in particular have been raised each time the Commission has called for submissions:

1. the growing cost of housing, throughout the country, but particularly in Dublin and other urban centres; and
2. the cost of childcare.

Also raised in oral hearings this year was the issue of healthcare costs, both in terms of the cost of medical appointments and prescription costs. The 'opportunity cost' for those paid on an hourly basis, who most likely do not receive any sick pay entitlement, was also a factor likely to impact particularly hard on those in low paid employment.

### Housing costs in Ireland

Data from Census 2016 shows the breakdown of households in Ireland by occupancy status (Table 28 below). Almost 70% of housing is owner-occupied, with over half of owner-occupiers being mortgage-free. Fewer than one-in-five households are renting from a private landlord, and just under one-in-ten are renting from a local authority or voluntary body.

Local authorities have 30% of the rental stock, with two-thirds (66%) to private landlords and 4 percent to voluntary bodies.

Table 28 Private households by occupancy status, census 2016

Nature of occupancy	No. of Households	Share of Total (%)
<b>Owner Occupied - with loan/mortgage</b>	535,675	32.6
<b>Owner Occupied - without loan/mortgage</b>	611,877	37.2
<b>Rented Z private landlord</b>	309,728	18.8
<b>Rented - Local Authority</b>	143,178	8.7
<b>Rented - Voluntary Body</b>	16,765	1.0
<b>Occupied rent free</b>	27,440	1.7
All types of occupancy (minus 'not stated')	<b>1,644,663</b>	<b>100.0</b>

Source: CSO (2017), Census 2016 – Table E1016.

Note: 53,002 households did not state their occupancy status and are excluded.

While not directly comparable in terms of tenure status, Table 29 shows a similar breakdown of occupancy on an employee basis, which allows the identification of minimum wage workers, and their housing status (this material is derived from the new CSO QNHS dataset, April 2017). Looking at individuals rather than households, this table nonetheless shows a degree of similarity with the Census 2016 data.

Again we see that some 70% of employees are in owner-occupied accommodation, although there is a significantly lower number of NMW employees in this category (at 52% as against 72% for non-NMW employees). This difference follows through into the rented accommodation category (logically), with somewhat over a quarter of non-NMW workers in rented accommodation as against almost half of NMW workers. NMW workers are one and a half times more likely to be renting privately, and more than two and a half times more likely to be renting from a local authority.

Table 29 Employees aged 15 years and over by nature of occupancy of dwelling

	No of employees	% by occupancy	% share by NMW status	% share by occupancy type
Owner occupied	1,075,800			69.80%
<b>NMW or less</b>	74,700	6.90%	51.90%	
<b>Above NMW</b>	1,001,100	93.10%	71.60%	
Rented - not from Local Authority	355,500			23.10%
<b>NMW or less</b>	51,400	14.50%	35.70%	
<b>Above NMW</b>	304,100	85.50%	21.80%	
Rented - from Local Authority	84,400			5.50%
<b>NMW or less</b>	17,700	21.00%	12.30%	
<b>Above NMW</b>	66,700	79.00%	4.80%	
Other - rent free, not stated	26,000			1.70%
<b>NMW or less</b>	*			
<b>Above NMW</b>	26,000	100.00%		
Total NMW or below	<b>143,800</b>			
Total above NMW	<b>1,397,900</b>			
	<b>1,541,700</b>			

Source: CSO – QNHS, average Q2 2016 to Q1 2017 (unpublished)

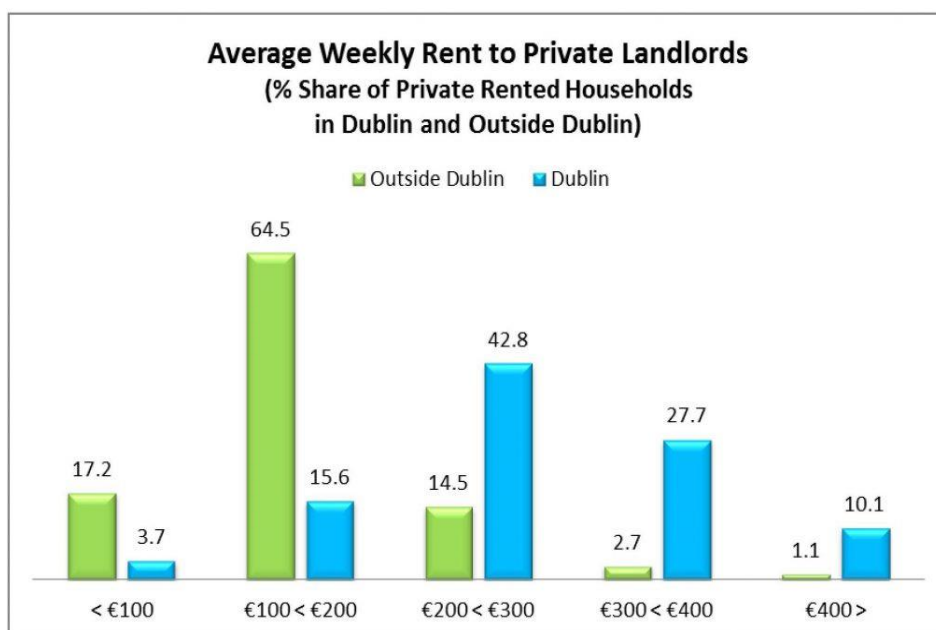
## Rental Costs

The costs of rent across the country vary considerably, with rents in Dublin significantly higher than in all other areas. Census 2016 results show that, while rents fell across all counties between 2006 and 2011, there has been a notable rebound in Dublin as well as Cork and Galway cities over the last five years. However for 18 counties, rents paid to landlords were still lower in 2016 than in 2006. The average weekly rent paid to the local authorities between 2011 and 2016, on the other hand, increased in all counties and is currently about one-third the level of private rents.

### Renting from a Private Landlord

The average weekly rent paid to private landlords at Census 2016 was €200. Figure 12 shows five bands of weekly rent to private landlords. It indicates that over 70% of households that rent their accommodation from a private landlord outside Dublin pay less than €200 per week. In Dublin that figure is just 20%. The share of those paying between €300 and €400, or those paying more than €400 weekly, is ten times higher in Dublin than outside Dublin.

Figure 12 Average weekly rent to Private landlords

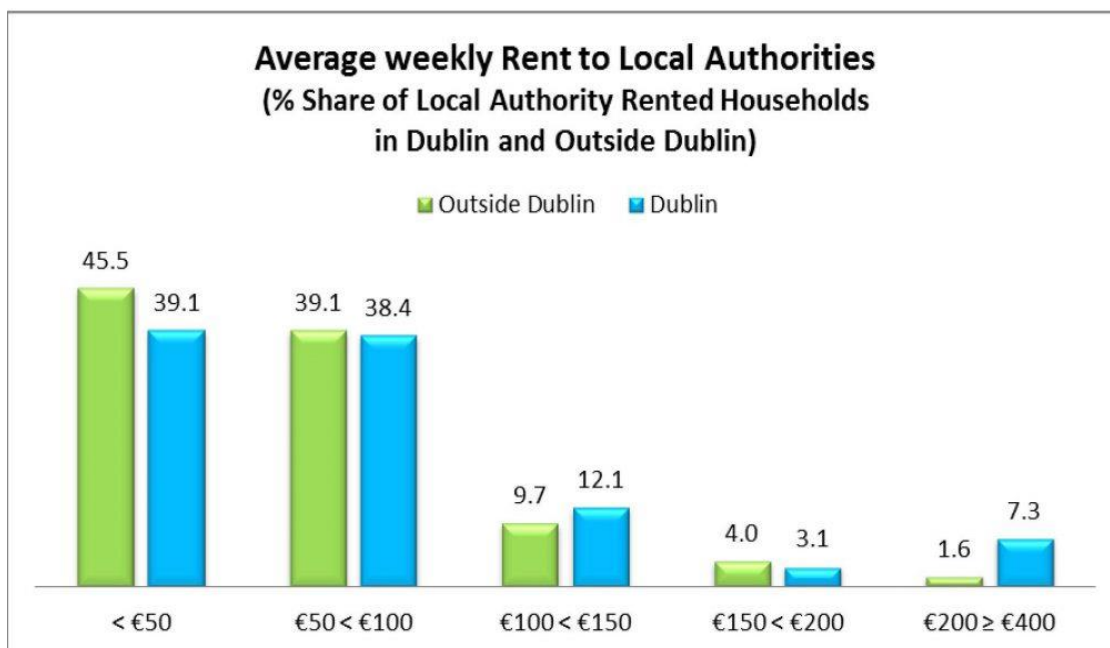


Source: compiled by Publicpolicy.ie from CSO (2017), Census 2016 – Table E1021

### Renting from a Local Authority

The number of households renting from a local authority increased by 11% between Census 2011 and 2016; from 129,033 to 143,178. The average weekly rent paid to a local authority was €69; about one-third of average rent in the private sector. Average rent in Dublin is €80 per week, and €64 in the rest of the country. Figure 13 shows five bands of average weekly rent to Local Authorities.

Figure 13 Average weekly rent to Local authorities



Source: compiled by Publicpolicy.ie from CSO (2017), Census 2016 – Table E1021

Figure 13 demonstrates that around four-in-five households renting from a Local Authority pay less than €100 per week (slightly more outside Dublin, and slightly fewer in Dublin). Just one-in-ten households in Dublin pay more than €150 per week and that figure falls to one-in-twenty outside of Dublin.

There is substantial public spending to assist people to meet accommodation costs, as indicated in Table 30 below:

Table 30 Housing Expenditure in Local Authority Budgets for 2017

<b>Housing Assistance Payment</b>	<b>227.8</b>
<b>Rental Accommodation Scheme</b>	254.3
<b>Maintenance of LA Housing</b>	233.6
Total	<b>715.7</b>
<b>Housing Grants</b>	61.5
<b>Housing Loans</b>	57.7
<b>Housing Capital Programme</b>	94.6
Total	<b>213.8</b>

Source: compiled by Publicpolicy.ie from Budgets of Local Authorities



## Childcare

Once again this year the issue of the cost of childcare for working parents was raised in submissions to the Commission, and featured also in oral hearings. In its report on the preponderance of women on the NMW (published in December last year) the Commission in its conclusions noted that the Government has recognised the impact and importance of the costs of childcare both to parents and to the labour market.

The 'More Affordable Childcare' scheme was due to commence in September 2017, with the main changes to be brought about by this scheme being:

- 1) A new universal childcare subsidy for children aged between 6 and 36 months or until they are eligible to start the new preschool programme.
- 2) Amendments to the existing Community Childcare Subvention (CCS) eligibility criteria.
- 3) Increases of up to 50% for childcare subvention rates provided under the CCS.

The Commission notes reports of possible delay in the rollout of elements of this scheme from the proposed September start date.

The ESRI study on *Childcare, Early Education and Socio-Emotional Outcomes at Age 5: Evidence from the Growing Up in Ireland study (November 2016)* points to international comparisons suggesting that the cost of childcare for families in Ireland is among the highest in the EU, amounting to just over 27 percent of the family's net income in Ireland (compared to an EU average of 11 percent in 2012).

The ESRI report points out that while there has been some progress since then, State financial support for and investment in non-parental childcare in Ireland is low in comparative terms. Public investment in Ireland's pre-school services amounts to less than 0.2 percent of GDP (Start Strong, 2015) compared to the average investment of 0.8 percent of GDP in OECD countries (OECD, 2014).

## Conclusion

Housing costs vary significantly by tenure and geographical location. However with minimum wage workers more likely than non-minimum wage workers to be renting, it is clear that the current high rental costs will be having an impact on approximately half of all minimum wage workers. Slightly over a quarter of NMW workers are Dublin based, so for that portion that are renting the substantial costs of renting in Dublin, and increasingly in other urban centres, arising out of the lack of supply of both private and social housing, are likely to be a significant drain on their income.

For those with children, childcare costs are an additional burden, with comparatively little support coming from the State. These two aspects have the potential to impact proportionately

much more severely on low-paid workers. An urgent response to the twin problems of housing and childcare must be found to avoid further upward pressure on pay, and possible impacts on competitiveness, in a situation where Ireland has the second highest minimum wage (after Luxembourg).

Given the variability in housing and childcare costs, increases in the national minimum wage are not sufficient to deal with cases where these costs are particularly high. Other policy measures such as targeted subsidies are required.

## Chapter 8 Conclusions and Recommendations

### Conclusions

The Commission has considered the evidence as set out in the previous chapters of this Report, as it is required to do in accordance with its governing legislation, and the submissions both oral and written made to it by interested parties, representative groups and individuals. In reaching its recommendation it has taken particular account of the following:

- The Irish economy has experienced a significant recovery though significant uncertainties remain arising from the UK decision to leave the EU and potential changes in US tax and trade policy. Risks are tilted towards the downside.
- The recovery which initially was focused on Dublin has spread to other areas of the country.
- Strong increases in employment have taken place.
- Prices were stable over the past twelve months and while there is some evidence of inflation in recent months it is projected to remain low.
- Average weekly and hourly earnings generally increased across most economic sectors in 2016.
- While Revenue data show profits in several sectors increasing year-on-year (2014/2013), they also show a not inconsiderable number of companies reporting trading losses. In addition, while declining slightly, the total number of corporate Irish insolvencies recorded in 2016 was 1,032 according to the latest insolvency statistics published by [www.insolvencyjournal.ie](http://www.insolvencyjournal.ie).
- QNHS data indicates that over a quarter of those on the NMW remain on these rates for over 4 years.

### Recommendations

In light of its conclusions as outlined above the Commission recommends the following:

1. The rate of the National Minimum Wage for an experienced adult worker be fixed at a rate of €9.55 per hour.

This corresponds to an increase of 3.2% in the national minimum wage for an experienced adult worker.

On foot of our recommendation the minimum wage recommended for 2017 will be in the order of 56.6 percent of the estimated hourly median earnings of full-time workers (NMW of €9.55 compared to an estimated median hourly rate for full-time employees in 2017 of €16.88 (see *Appendix 9*).

The impact of this recommendation on the current rates of NMW, if accepted by the Minister and approved by Government, is set out in the Table 31 below.

Table 31 Current and Proposed National Minimum Wage Rates

		Effective from 1 Jan 2017	Effective from 1 Jan 2018	Proportion of adult rate
Adult Rate	Experienced adult worker	€9.25	€9.55	(100 %)
	Aged under 18	€6.48	€6.69	(70 %)
Age- based Rates	First year from date of first employment aged over 18	€7.40	€7.64	(80 %)
	Second year from date of first employment aged over 18	€8.33	€8.60	(90 %)
Trainee Rates*	1st one third period	€6.94	€7.16	(75 %)
	2nd one third period	€7.40	€7.64	(80 %)
	3rd one third period	€8.33	€8.60	(90 %)

\* Employee aged over 18, in structured training during working hours

We also make the following recommendations:

2. As previously recommended remove the anomaly created by the sudden increase in the rate of employers' PRSI from 8.5% to 10.75 % on weekly earnings of €376 (see Appendix 2 for potential numbers affected and examples).
3. Provision should be made for the display of basic entitlements in all places of employment where the minimum wage is in operation. See Appendix 3 for suggested information to be provided.

This will create and foster a culture of compliance with regard to the NMW, and improve awareness of minimum wage, and employment rights entitlements more generally.

Recommendation 1 is supported by six of the nine Commission members.

Recommendations 2 and 3 are supported by nine members of the Commission, although there is not a consensus regarding the extent of the entitlements to be displayed, with some members favouring a 'single sheet poster' approach.

The Commission notes that with the publication of the QNHS data it will now proceed to report to the Minister in a separate report later this year its recommendations in relation to the sub-minima rates of the National Minimum Wage.

## Acknowledgements

We wish to acknowledge the contribution of Dr Seamus McGuinness, Dr Helen Russell, Mr Bertrand Maître and Dr Paul Redmond and of the Economic and Social Research Institute in providing some of the research essential to our work.

We are very grateful to Mr Brian Ring and his colleagues in the Central Statistics Office, and to Dr Keith Walsh, Seán Kennedy and colleagues in the Statistics and Economic Research Branch, Revenue, for their cooperation in developing very valuable new data sources. We also wish to thank Mr Tim Butcher, Chief Economist and Deputy Secretary at the UK Low Pay Commission for his advice, which is greatly appreciated.

We are grateful also to those individuals and organisations who gave presentations to the Commission in response to our requests, including David Logan, Department of Children and Youth Affairs, Donal Smith and Brendan O'Connor, Department of Finance, Dr Loretta O'Sullivan, Bank of Ireland, Oonagh Buckley, Pádraig Dooley and Fran Power, Workplace Relations Commission, and Dr Tom McDonnell, NERI.

Finally we express our deepest thanks to all those – individual employees and employers, as well as representative groups – who gave their time to meet the Commissioners in Oral Hearings.

We also wish to thank the Secretariat, Máire Ní Chuiric and Paul Norris, for greatly facilitating our work throughout the year, and for the diligent and efficient way they drafted our report.

## Minority Report to the Low Pay Commission

This report is written by the three members of the Commission who have an employer background and who disagree with the view of their colleagues who are recommending an increase in the current Minimum Wage rate of €9.25 per hour to €9.55 per hour.

Our main reason for disagreeing with this proposal is that we consider it to be of such a magnitude as to be outside of our statutory brief, in so far as it is not an evidence based conclusion and it is not supported by the data set out in the main body of this report. In addition, it takes insufficient regard of the views of the people who will actually have to fund the proposed increase, namely employers, big and small, right across Ireland.

For the first time since the Commission's inception, we are compelled to formally disassociate ourselves from its finding, as we are concerned that it is too large an increase in the present economic circumstances and is likely to have a particularly adverse impact on small to medium sized enterprises. Indeed, the proposed 30c increase in the hourly rate is three times higher than the Commission recommended last year. In addition, it represents an increase of 3.24%, which is significantly more than pay increases generally in Ireland in the same period.

We believe it is important that we place on record the fact that we are certainly not against improving the lot of the lower paid. On the contrary, through our actions to date as members of the Commission, we have demonstrated that we support this aim by voting in favour of the previous increases recommended by the Commission since its inception. However, on this occasion, we just simply believe that a 30 cent increase in the hourly rate is at least 10 cents more than small to medium sized enterprises should be forced to bear. We would, however, have been willing to support a recommendation of no more than 20 cent per hour, or 2.1%.

Our thinking on this issue is based on the following:-

- The cost of living, as evidenced by the Harmonised Index of Consumer Prices shows no increase in inflation in the past 12 months. However, since its introduction, the Minimum Wage has consistently grown at a faster rate than inflation. As a result, it is now already 28% higher than what it would have been if it were pegged to inflation.
- While there was no inflation last year, the prices of some items such as rents have increased. However, only a third of minimum wage workers live in private rented accommodation and, as stated in the main report to which this minority report is attached, we believe that the housing crisis and the exorbitant cost of child care are matters which should be addressed by Public Policy initiatives, rather than by employers.
- A minimum wage worker's annual net take home pay is now €1,273 (8.3%) higher than 2014 - due to both the higher minimum wage and tax cuts (Source: Deloitte tax calculator).
- If the 30 cent increase being proposed by most of the members of the Commission was to be implemented now, the increase in the Minimum Wage since the beginning of 2016

would amount to 10.4%. The increase in average pay in Ireland in the same period was 3.8%.

## **Brexit**

The Commission outlined in its report last year that almost half of minimum wage workers are concentrated in retail and hospitality. Food manufacturing is another sector that is reliant on the Minimum Wage. All three of these sectors are extremely exposed to Brexit.

- Hospitality - 40% of Ireland's tourists come from Britain and the drop in visitor numbers from there (-6.8%) for the January to May '17 period reflects that.
- Retail - Sterling depreciations have historically been accompanied by large increases in both cross-border and online shopping. This was clearly seen at the end of last year when such a currency change caused the growth rate in retail sales to halve.
- Food manufacturing - almost 41% of food exports go to the UK. In the final 6 months of last year, these fell by 5%.
- While employment in Dublin is now only 1.65%% below peak levels, other regions are still struggling to improve job opportunity levels, as evidenced by Table 21 of the main report herewith. The Border area still has a long way to go, as employment there is still 11% below the previous peak. This is the region that will also face the most challenges from Brexit.
- Many economic commentators and business analysts are warning of the three major threats to the Irish economy, namely, Brexit, an already well signalled potential change in Corporation Tax Policy in the USA, which could have serious consequences for foreign direct investment, and a renewed overheating of the Irish economy resulting in a serious loss of international competitiveness.
- As referred to in the "International Comparisons" section of the main report, Ireland already has the second highest Monthly Minimum Wage in the EU, with only Luxembourg having a higher rate. Our nearest and main trading partner, the UK (the fifth biggest economy in the world, ranked seventh in the global competitiveness league, with Ireland 23<sup>rd</sup> in the same table), has the seventh highest rate. The proposal by the majority of the Commission to add another 3.24% to the Irish hourly rate will, if adopted, widen the gap between ourselves and almost every other country mentioned in this section.
- We are concerned that average hours worked may decline as smaller employers, in particular, struggle to stem the growth in labour costs driven by the proposed 30 cent increase in the Minimum Wage, which will also, inevitably, lead to raised expectations among other employees further up the pay chain, a real concern repeatedly expressed on behalf of many employers.
- The retail sector, the largest private sector employer in the country, has been experiencing consistent price deflation in recent years, which has had a consequential adverse impact on profit margins. While the quantity of goods sold is now 20% higher than in 2011, the stark fact is that turnover is only up by 7% in the same period. It is evident that this trading environment is having a major impact on employment in this important sector. It lost 44,000 jobs during the recession but, has only recruited just

over 6,000 extra people in the last four years. We are satisfied that the factors outlined above when coupled with a trebling of the pay increase introduced at the start of the current year and the reported accelerated growth in on-line sales, is bound to result in a further decline in traditional retailing, especially in the many areas outside of the large population centres.

- The ESRI found that over 70% of the gross value of the minimum wage increase in 2016 went to households in the top half of the income distribution; almost half went to the top 30% of households. On the other hand, only 6.5% went to the bottom 30% of households. Insofar as the minimum wage increase is passed on through higher prices or lower employment growth it will represent a net transfer from poorer households to richer ones.

### **The Employer PRSI Issue**

- An expectation emerged around the time of the publication of the first Low Pay Commission Report that the Government would take the necessary steps to address the anomaly highlighted in it whereby “a moderate increase in the current Minimum Wage rate without an appropriate adjustment in employer PRSI would have a major impact, particularly on small business costs.” Unfortunately, this aspect has never been adequately addressed and remains a very serious concern for us and for employers generally.

### **The Current Position**

Employee PRSI is applied at the following rates:

- 0% on earnings up to €376 per week
- 4% on entire earnings where earnings exceed €376 per week.

Employer PRSI is applied at:

- 8.5% on earnings up to €376 per week
- 10.75% on entire earnings where earnings exceed €376 per week.

As the higher rates apply to **all** earnings, this produces step-effects.

Looking at the implication for an increase in Minimum Wage, we see very significant impacts on both employees and employers if an increase were to come into effect at, or in excess of, the minimum wage rate which the PRSI change triggers.

As with previous Commission Reports, we request that the threshold amount be modified pro rata to any future increase in the National Minimum Wage.

Regarding employer PRSI rates, which is a key concern, this rate was halved from 8.5% to 4.25% with effect from the beginning of July 2011, as part of the Jobs Initiative to meet a Programme for Government commitment. It remained in place until the end of 2013 before being restored to the 8.5% rate from January 2014.



It is of critical importance to enterprise development, and to an employer's ability to generate employment, that the design of the tax system creates the right conditions for job creation, including the incentives (from both an employer and employee perspective) for employees to work additional hours and to increase pay where appropriate but this needs to be done considering their ability to pay these costs and remain competitive in doing so.

The OECD Employment Outlook has suggested that minimum wages can help underpin the income of low-paid workers but adds that this is conditional on two important factors. First, they should not be set too high, otherwise they can lead to job loss and a loss of income for low-paid workers. Second, there needs to be co-ordination with tax benefit policies to ensure that increases in the Minimum Wage translate into higher take-home pay while limiting the rise in labour costs for employers.

"Minimum wages must be closely co-ordinated with tax-benefit policies to be more effective in underpinning incomes of low-paid workers".

The Low Pay Commission has previously noted the commitment given by the Tánaiste in her speech to the Irish Congress of Trade Unions on 8 July 2015 that "Any potential anomaly in the PRSI system arising from the Commission's recommendations will be addressed at the appropriate time in the Budget". Two years on from that employers are still waiting to see meaningful measures being introduced to address this inequitable and potentially damaging anomaly.

### **In Summary**

All three of the authors of this minority report are committed to improving the lot of the lower paid. Where we differ from our other colleagues on the Commission on this occasion is on the scale of the increase now being suggested by them. It is three times higher than last years' proposal, even though the outlook relating to the impact of Brexit on the Irish economy has deteriorated and, in addition, other economic storm clouds gathering on the horizon should not be ignored. Furthermore, we do not believe that the evidence available to the Commission supports such a proposed increase.

Ireland is rapidly heading towards becoming a high cost economy again. We believe that the deliberations of the Commission on this occasion have paid insufficient regard to those who will be asked to fund the proposed increase, namely employers, and especially those running small to medium sized enterprises.

In our view, a fair but cautious approach which would see employees on the Minimum Wage receive an increase of 20 cent per hour (2.1%) and employers benefit from a long overdue adjustment to PRSI is both logical and prudent.

Caroline McEnergy

Vincent Jennings

Tom Noonan

# APPENDICES

## Appendices

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## Latest research on the Minimum Wage

Study	Journal	Title	Country	Observation Period	Outcomes Analysed	Results
Dickens, Richard, Rebecca Riley and David Wilkinson (2015)	Economica	A Re-examination of the Impact of the UK National Minimum Wage on Employment	UK	1999-2010	Employment	The introduction and uprating of the NMW is associated with negative employment effects for part-time females. Employment retention among this group reduced by 3 percent (approx) following the introduction of the NMW. No employment effects are found for full-time workers.
Donal O'Neill (2015)	Economics Letters	Divided Opinion on the Fair Minimum Wage Act of 2013: Random or Systematic Differences?.	US	2014	Support for minimum wage increases.	Support for MW increases as economists are located further from Chicago indicating a saltwater-freshwater divide. Women, labour economists and younger academics are more likely to support the minimum wage.
Muravyev, Alexander and Aleksey Oshchepkov (2016)	IZA Journal of Labor & Development	The effect of doubling the minimum wage on employment evidence from Russia	Russia	2006-2007	Employment	Some evidence of adverse effects on employment. The increase in the minimum wage was associated with a decrease in youth employment and increased informality. This result is largely driven by the regions that increased the minimum wage above the federal rate of 2300 Rubles.
MARINAKIS, Andres (2016)	International Labour Review	Non-compliance with minimum wage laws in Latin America: The importance of institutional factors	16 Latin American Countries	2011	Minimum wage compliance	Non-compliance is higher when the minimum wage is set at high levels. When the minimum wage is very low or very high relative to average wages, the degree of compliance will depend on the quality of the institutional system, particularly the labour inspection system
Maurizio, Roxana and Gustavo Vazquez (2016)	International Labour Review	Distribution effects of the minimum wage in four Latin American countries: Argentina, Brazil, Chile and Uruguay	Argentina, Brazil, Chile and Uruguay	2000-2012	Wage inequality	The increase in the minimum wage accounted for a considerable decline in wage inequality in Argentina, Brazil and Uruguay as a result of compression at the lower end of the wage distribution. No statistically significant results for Chile.

Latest research on the Minimum Wage (continued)

Study	Journal	Title	Country	Observation Period	Outcomes Analysed	Results
Menon, Nidhiya and Yana van der Meulen Rodgers	Asian Development Review	The Impact of the Minimum Wage on Male and Female Employment and Earnings in India	India	1983-2008	Employment and Wages	Minimum wages in urban areas have little or no impact on labor market outcomes. However, minimum wages increase earnings in rural areas, especially for men, without any employment losses. Minimum wage rates increase the unexplained component of the gender wage gap, which, as suggested by the authors, may be due to weaker compliance among firms that hire female workers.
Gorry, Aspen and Jeremy Jackson	Contemporary Economic Policy	A Note on the nonlinear effect of Minimum Wage increases	US	2013	Unemployment	Increases in the minimum wage can result in large increases in youth unemployment
Lundstrom, Samuel	Contemporary Economic Policy	When is a good time to raise the Minimum Wage	US	1990-2014	Efficiency of minimum wages, i.e., how well they target people in poverty	The minimum wage target efficiency is currently close to its peak; if the minimum wage was increased by 12%, 16.8% of the benefits generated would flow to workers in poverty. A positive relationship is found between minimum wage efficiency and the real federal minimum wage. This suggests that the best time to increase the minimum wage, in terms of maximizing efficiency, is when the min wage is already high.
Yamada, Ken	European Economic Review	Tracing the impact of large minimum wage changes on household welfare in Indonesia	Indonesia	1993-2000	Inequality	The results highlight serious limitations of the minimum wage in reducing inequality and improving living standards
Lopresti, John and Kevin Mumford	ILR Review	Who benefits from a minimum wage increase?	US	2005-2008	Wages / wage inequality	Low-wage workers who experience a small increase in the minimum wage tend to have lower wage growth than if there had been no minimum wage increase. A large increase to the minimum wage not only increases the wages of those workers who previously earned less than the new minimum wage but also spills over to workers with moderately higher wages.

Latest research on the Minimum Wage (continued)

Study	Journal	Title	Country	Observation Period	Outcomes Analysed	Results
Fernandez Macias, Enrique and Carlos Vacas-Soriano	European Journal of Industrial Relations	A coordinated European Union minimum wage policy?	EU	2010	Incidence of minimum wage workers	The institutional impact of a European minimum wage would be larger in countries where minimum wages are currently collectively agreed by social partners than in countries where they are set by statutory regulation. EU-wide minimum wage would affect a larger proportion of the workforce in those countries with statutory minimum wages, since they tend to have a larger low-paid segment of employment.
Barany, Zsofia	Journal of Labor Economics	The Minimum Wage and Inequality: The Effects of Education and Technology	US	1981-2006	Wage inequality	Even though minimum wages affect the bottom end of the wage distribution more, their impact on the top end is significant as well.
Sabia, Burkhauser & Hansen (2016)	ILR Review: the journal of work and policy	When good measurement goes wrong : new evidence that New York state's minimum wage reduced employment	US	2005-2006	Employment	When a synthetic control state with pre-treatment employment trends similar to those in New York is constructed, this study estimates a relatively large negative employment elasticity with respect to the minimum wage for low-skilled individuals (-0.5), similar to the estimate SBH obtained using the CPS-ORG (-0.6).
Hoffman (2016)	ILR Review: the journal of work and policy	Are the effects of minimum wage increases always small? A reanalysis of Sabia, Burkhauser, and Hansen	US	2004-2006	Employment	Finds no evidence of a negative employment impact
Meer and West (2016)	The Journal of Human Resources	Effects of the minimum Wage on Employment Dynamics	US	1975-2012	Employment	Using three separate state panels of administrative employment data, they find that the minimum wage reduces job growth over a period of several years.

Latest research on the Minimum Wage (continued)

Study	Journal	Title	Country	Observation Period	Outcomes Analysed	Results
Bachmann, Ronald and Hanna Frings	Applied Economics	Monopsonistic competition, low-wage labour markets, and minimum wages – An empirical analysis	Germany	1997-2003	Monopsony power	Retailing, the hotel and restaurant industry as well as agriculture can be described as monopsonistic labour markets, this is not true for other services and manufacturing of food products. From a policy point of view, the introduction of a uniform minimum wage may therefore lead to different employment reactions in industries with a similar minimum wage bite.
Prabmo (2016)	Journal of Economic Studies	How does the minimum wage affect employment statuses of youth?: evidence of Indonesia	Indonesia	2010-2012	Youth Employment	The results generally suggest that an increase in minimum wage decreases the probability of youth being employed in the covered sector, i.e. paid employment in the covered sector and increase the probability of youth being employed in the uncovered sectors, including self-employed, unpaid family workers, and paid employment in the uncovered sectors.

## PRSI Step Effect

Currently there are two rates of employers' PRSI in Ireland. Employers pay 8.5% Class A employer PRSI on earnings up to €376 and 10.75% Class A employer PRSI on earnings over €376. The impact of this step effect on NMW earnings as it stands and if the Commission's recommended increase is accepted is shown below for a range of working hours:

NMW	Hours Worked per Week	Weekly Earnings	PRSI Rate	PRSI costs
€9.25	39hrs	€360.75	8.5%	€30.66
€9.55	39hrs	€372.45	8.5%	€31.66
€9.25	40hrs	€370.00	8.5%	€31.45
€9.55	40hrs	€382.00	10.75%	€41.06
€9.25	42hrs	€388.50	10.75%	€41.76
€9.55	42hrs	€401.10	10.75%	€43.12

As can be seen above it is primarily employees working 40hrs per week who will be affected in PRSI terms by a move from €9.25 to €9.55. Costs to employers for such employees will see a significant increase of €9.61 per week or 30.5%.

Based on the CSO QNHS data we are able to examine the number of current NMW employees who may be impacted by such an increase.

Average weekly hours worked	NMW Employees	Share of NMW Employees
All Hours	155,100	100%
1-9 Hours	11,167	7.2%
10-19 Hours	32,416	20.9%
20-29 Hours	36,448	23.5%
30-34 Hours	7,910	5.1%
35-39 Hours	25,902	16.7%
40-44 Hours	21,094	13.6%
45+ Hours	5,273	3.4%
Variable Hours	15,045	9.7%

The above table shows that out of current NMW workers, 21,094 or 13.6% could potentially be impacted in employer PRSI terms by the Commission's proposed NMW increase with a further 15,045 or 9.7% amongst variable hours NMW workers also potentially affected.

The existence of the PRSI step may also influence the decision of an employer to offer additional hours.



**LOW PAY COMMISSION**  
**STATEMENT OF STATUTORY WORKPLACE ENTITLEMENTS**

*This notice must be displayed in all workplaces that employ workers on the statutory minimum wage. The entitlements detailed below are only intended to provide a brief outline of what is contained in a range of legislation detailing employee workplace entitlements. Full details of the various Acts listed below can be accessed at [www.workplacerelations.ie](http://www.workplacerelations.ie). (A legal type disclaimer regarding the interpretation of the below content could also be included here).*

**1. Hourly Rates of Pay (National Minimum Wage Acts, 2000 & 2015)**

<b>Category of employee</b>	<b>Hourly Rate as of 1 January 2017</b>
Experienced Adult Worker	€9.25
Under 18 years	€6.48
In the first year after the date of first employment over 18 years	€7.40
In the second year after the date of first employment over 18 years	€8.33
<i>In the course of training or study undertaken in normal working hours over 18 years. Each one third period must be at least 1 month and no longer than 12 months</i>	
First one third period	€6.94
Second one third period	€7.40
Third one third period	€8.33

**2. Weekly Working Hours and Contract of Employment (Terms of Employment (Information) Acts, 1994-2014)**

An entitlement to receive from your employer, within 2 months of commencing employment, a written statement of the terms and conditions of employment to include, but not restricted to

- *Name of employer*
- *Place of work*
- *Title of job or nature of work*
- *Expected duration of contract*
- *Hourly rate of pay and the pay reference period for the purpose of the National Minimum Wage Act 2000*

- *Day and hours over which work will be structured*
- *How regular and by what method you will be paid*

### **3. Payslip (*Payment of Wages Act, 1991*)**

- Employer must pay wages in/by cash, cheque, credit transfer, postal/money orders or bank draft
- A worker has an entitlement to a written statement of wages (pay slip) which shows the gross and net wage and all deductions made
- An employer cannot make deductions from wages unless authorised by law e.g. PAYE, PRSI, USC etc, without the permission of the worker

### **4. Breaks (*Organisation of Working Time Act, 1997*)**

- A daily rest period of 11 consecutive hours per 24 hour period
- One period of 24 hours rest per week preceded by the 11 hours daily period
- Daily breaks of 15 mins where more than 4.5 hours have been worked, 30 mins where more than 6 hours have been worked which may include the first break
- Shop employees who work more than 6 hours daily that include the hours between 11.30am and 2.30pm must be allowed a break of 1 hour which must commence between the hours of 11am and 2.30pm

### **5. Annual Leave (*Organisation of Working Time Act, 1997*)**

- Holiday pay is earned against time worked in accordance with the following calculations
- 4 working weeks in which the employee works at least 1,365 hours unless it is a leave year in which the employee changes employment
- One third of a working week per calendar month that the employee works at least 117 hours
- 8% of the hours an employee works in a leave year but subject to a maximum of 4 working weeks
- Payment for annual leave must be made in advance of the leave been taken

### **6. Public Holiday Leave (*Organisation of Working Time Act, 1997*)**

- All employees are entitled to nine public holidays which are listed in the full Act
- In respect of full time employees there is no service requirement
- Part time employees must work at least 40 hours during the 5 weeks ending on the day before a public holiday to qualify for the public holiday
- In respect if each public holiday an employee is entitled to one of the following as the employer may decide
  - A paid day off on the holiday*
  - A paid day off within a month*
  - An extra day's annual leave*
  - An extra days pay*
- If the public holiday falls on a day on which the employee normally works they are entitled to one of the above entitlements
- If the public holiday falls on a day on which the employee does not normally work they are entitled to one fifth of the normal weekly wage for the day

## **7. Protection Against Zero Hours (*Organisation of Working Time Act, 1997*)**

In the event of work not being made available employees are entitled to be paid 25% of the time which they are required to be available.

**Additional statutory employment rights are contained in the following pieces of legislation and more details of same can be accessed at [www.workplacerelations.ie](http://www.workplacerelations.ie).**

8. Equal Treatment (*Protection of Employees (Part-Time Work) Act, 2001*)
9. Employment Permits (*Amendment*) Act, 2014)
10. Maternity Leave (*Maternity Protection Act, 1994-2004*)
11. Adoptive Leave (*Adoptive Leave Act, 1995-2005*)
12. Paternity Leave (*Paternity Leave Act, 2016*)
13. Parental Leave (*Parental Leave Acts, 1998-2006*)
14. Carer's Leave (*Carer's Leave Act, 2001*)
15. Minimum Notice (*Minimum Notice and Terms of Employment Acts, 1973-2005*)
16. Unfair Dismissal (*Unfair Dismissals Act 1977-2015*)
17. Redundancy (*Redundancy Payments Acts, 1967-2014*)

Low Pay Commission/Economic and Social Research Institute Research  
Partnership Steering Committee

<b>Steering Group</b>	
<b>Chair</b>	Mary Mosse (LPC)
<b>Members</b>	Seamus McGuinness (ESRI)
	Donal O'Neill (LPC)
	Brian Ring (CSO)
	Helen Russell (ESRI)



**An Phríomh-Oifig Staidrimh**  
Central Statistics Office

CSO statistical release, 26 April 2017, 11am

## QNHS – National Minimum Wage Estimates

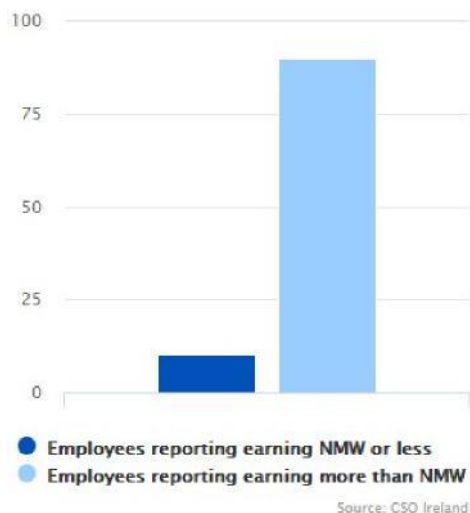
### Quarter 2 – Quarter 4 2016

Indicator	Q2 2016	Q3 2016	Q4 2016	Average Q2 to Q4
Employees reporting earning National Minimum Wage or less ('000)	173.2	157.6	134.5	155.1
Employees reporting earning more than National Minimum Wage ('000)	1,341.0	1,376.0	1,423.5	1,380.2
Not stated ('000)	154.8	164.8	156.1	158.6
<b>Total ('000)</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>
<b>Proportion of employees reporting earning</b>				
<b>National Minimum Wage or less (%)<sup>1</sup></b>	<b>11.4</b>	<b>10.3</b>	<b>8.6</b>	<b>10.1</b>

<sup>1</sup> Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

## Average of 10.1% of employees for whom earnings data was reported, earned National Minimum Wage or less between Q2 and Q4 2016

Figure 1 Share of employees by NMW status (excluding not stated) – average Q2 to Q4 16



Over the three quarters between Q2 and Q4 2016, an average of 10.1% of employees for whom earnings data was reported, earned the National Minimum Wage (NMW) or less. The proportion who reported earning more than the NMW was 89.9%.

In absolute terms, the average number of employees who self-reported earning less than the NMW was 22,500 while 132,600 self-reported earnings equal to the NMW. In total therefore, an average of 155,100 employees self-reported that they earned the NMW or less in the period. See Table 1a.

Of the average 22,500 employees who reported earning less than the NMW, 5,700 reported that the reason they earned less than the NMW was related to being a special training rate, while 5,800 reported that it was an age-related rate. See Table 2a.

This release presents results based on questions relating to the National Minimum Wage (NMW) included in the Quarterly National Household Survey (QNHS) in Quarters 2, 3 and 4 2016. The QNHS is not designed to be an earnings survey; rather it is the official Labour Force Survey (LFS) in Ireland and is conducted across a representative sample of households throughout the country. Therefore the earnings data in this release is based on each respondent self-reporting their income and as a result some caution is urged in the interpretation of this data. In addition, as the data presented in the release is collected directly from individual respondents, caution is urged in comparing these results to data collected directly from business enterprises.

In addition, as a number of respondents did not report their status with regard to the NMW, these respondents are identified as 'Not stated' in the relevant data tables and are excluded from the denominator in calculating the share or proportion of all respondents on the NMW.

The questions upon which these results are based were added to the QNHS in Q2 2016. Therefore data is currently available for Quarters 2 to 4 2016 only and as a result it is neither possible to calculate annual changes nor identify seasonal patterns. The results presented throughout this release are therefore based on the average results over the three quarters.

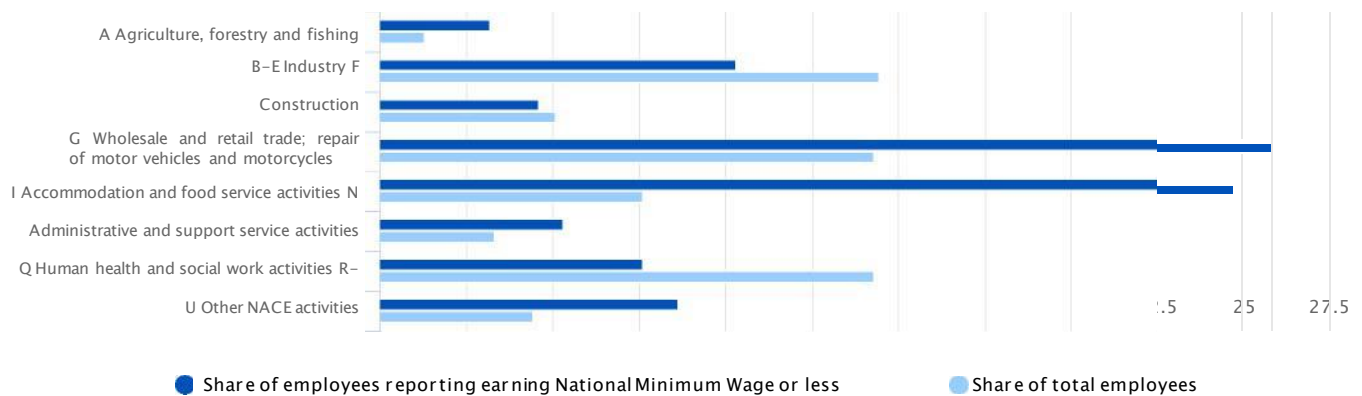
### Females more likely than males to earn NMW

The average results for the period show that females are more likely to earn the NMW or less. Of the 155,100 employees who reported earning the NMW or less, 84,400 or 54.4% were female while 70,700 or 45.6% were male. This compares to the overall split of all employees in the State being 49.4% male and 50.6% female. In total, 9.3% of all male employees in the State earned the NMW or less and the corresponding figure for females was 10.9%. See Table 3a and 3b.

### NMW or less predominant in Services Sector

Overall, the Services sector accounted for more than four out of five (81.7%) of all the employees who reported earning the NMW or less. Specifically, the Wholesale and retail trade; repair of motor vehicles and motorcycles sector accounted for 25.9% of all employees who reported earning the NMW or less while the Accommodation and food services sector accounted for 24.7%. By comparison, the Wholesale and retail trade; repair of motor vehicles and motorcycles sector accounted for 14.3% of all employees in the State while the Accommodation and food services sector accounted for 7.6%. See Table 4b and figure 2.

Figure 2 Share of employees reporting earning National Minimum Wage or less and share of total employees\* by selected NACE Rev.2 Economic Sector (Average Q2 to Q4 16)



Source: CSO Ireland

### Elementary and Sales and customer service occupations more likely to earn NMW or less

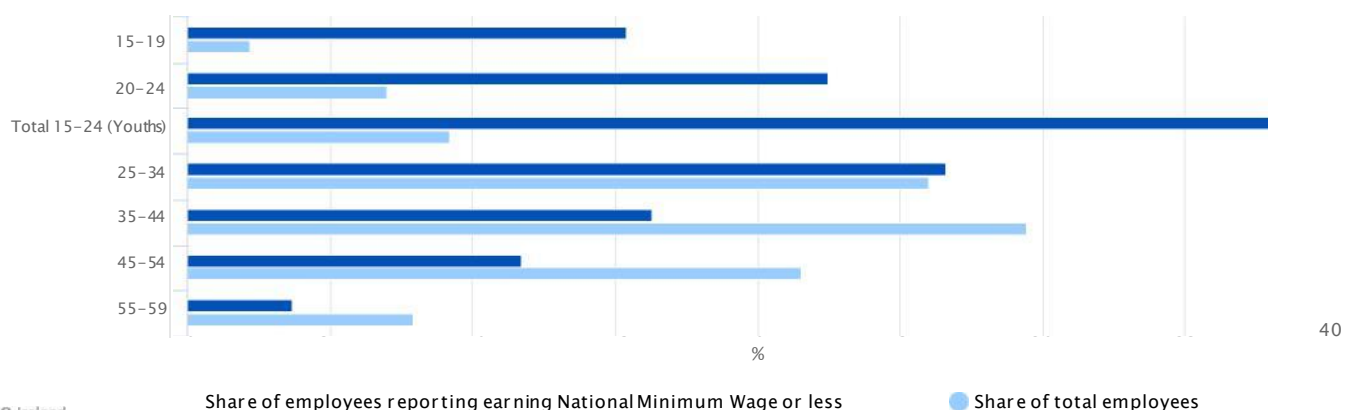
The greater incidence of employees earning the NMW or less was in the *Elementary and Sales and customer service* occupation groups. Over one third of employees (34.8%) earning the NMW or less were in *Elementary* occupations, while the corresponding share for those in *Sales and customer service* group was 22.7%. Overall, these groups combined account for 20.9% of all employees in the State. In total, 29.9% of all employees in the *Elementary* occupation group reported earning the NMW or less while 25.0% of all employees in the *Sales and customer service* occupation group reported earning the NMW or less. See Table 5b.

### Nearly two fifths of those earning NMW or less were in the 15-24 age group

Almost two in five (37.9%) of those earning the NMW or less were in the 15-24 (youths) age group while in total this age cohort represented less than one in ten (9.2%) of all employees in the State. Persons aged 25-34 accounted for 26.6% of all employees on the NMW or less while accounting for 26.0% of all employees in the State. Persons aged 35-44 accounted for 16.3% of all employees on the NMW or less while accounting for 29.4% of all employees in the State. Finally, those persons aged 45-54 accounted for 11.7% of all employees who reported earning the NMW or less while they accounted for 21.5% of all employees in the State. See Table 6b.

In terms of the proportions within age cohorts who reported earning the NMW or less, just over two fifths (41.5%) of all employees in the 15-24 (youths) age group earned the NMW or less. This compares with 10.3% for all employees aged 25-34, 5.6% for those aged 35-44 and 5.5% for those aged 45-54. See Table 6b and figure 3.

Figure 3 Share of employees reporting earning National Minimum Wage or less and share of total employees\* by selected age group (Average Q2 to Q4 16)



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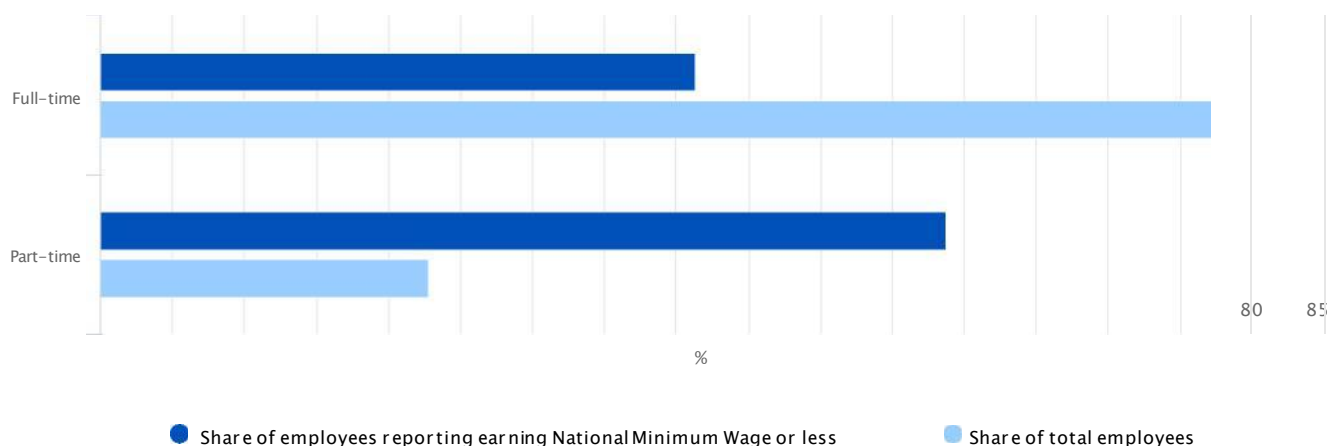
Source: CSO Ireland

### Almost three in five employees earning the NMW or less were part-time

Almost three in five persons (58.7%) earning the NMW or less were employed on a part-time basis while in total, part-time employees accounted for just over one fifth (22.8%) of all employees in the State. Full-time employees accounted for 41.3% of all employees on the NMW or less while accounting for 77.2% of all employees in the State. See Table 9b and figure 4.

Just over a quarter (26.7%) of all employees who worked part-time reported that they earned the NMW or less while just over one in twenty (5.4%) of all employees who worked full-time reported that they earned the NMW or less. See Table 9b and figure 4.

Figure 4 Share of employees reporting earning National Minimum Wage or less and share of total employees \* by full-time and part-time status (Average Q2 to Q4 16)



Source: CSO Ireland

### Non-Irish nationals more likely than Irish nationals to earn the NMW or less

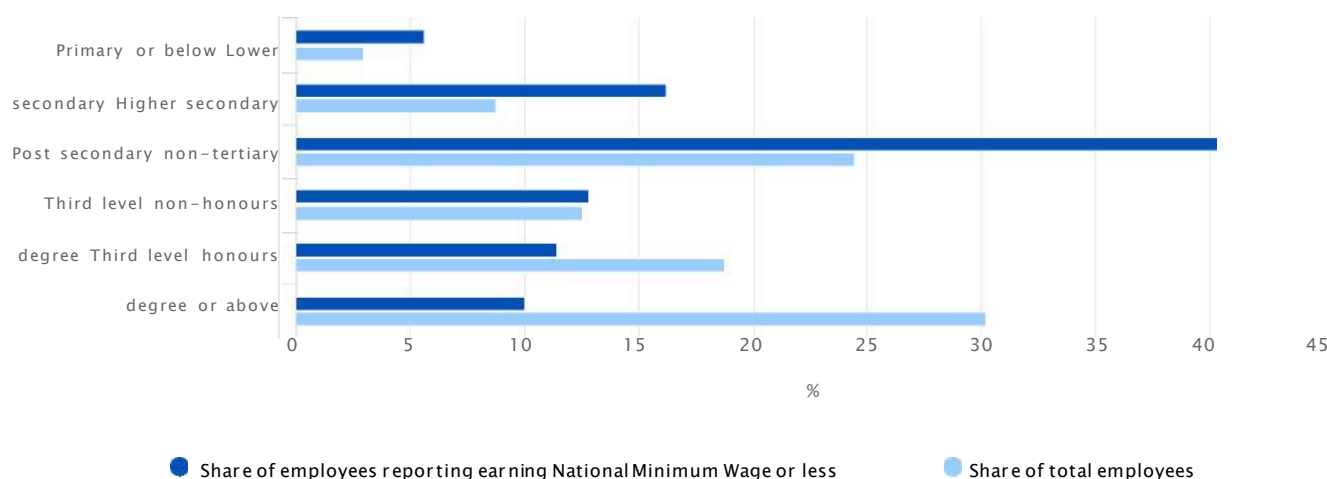
The proportion of Irish employees who reported earning the NMW or less was 8.7% compared to 17.3% of all non-Irish employees. See Table 13b.

In total, non-Irish nationals accounted for 28.2% of all employees on the NMW or less while they accounted for 16.4% of all employees in the State. Irish nationals accounted for 71.8% of all employees on the NMW or less while they accounted for 83.6% of all employees. See Table 13b.

### Employees with lower level of education more likely to earn NMW or less

In total, 19.4% of all employees whose highest level of education was *primary or below* reported that they earned the NMW or less. The equivalent proportion of employees whose highest level of education was *lower secondary* was 18.8% and for those whose highest level of education was *higher secondary* 16.7% reported earning the NMW or less. For those employees whose highest level of education was *third level honours degree or above*, an average of 3.4% of employees reported earning the NMW or less. See Table 14b and figure 5.

Figure 5 Share of employees reporting earning National Minimum Wage or less and share of total employees \* by selected highest level of education attained (Average Q2 to Q4 16)



Source: CSO Ireland



## Implications of Census 2016 Final Results

The QNHS results are weighted using population estimates which are generated on a quarterly basis. Historically every 5 years the Census of Population results have been used to revise these population estimates, and QNHS results are revised as a consequence. These revisions will be made once detailed results from the Census are available. See *Background Notes for more details*.

**Table 1a Employees aged 15 years and over classified by detailed National Minimum Wage earnings status**

Detailed National Minimum Wage earnings status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
'000				
<b>Employees by detailed National Minimum Wage earnings status</b>				
Employees reporting earning less than National Minimum Wage	27.6	23.2	16.6	22.5
Employees reporting earning National Minimum Wage	145.6	134.4	117.9	132.6
<i>Total employees reporting earning National Minimum Wage or less</i>	<i>173.2</i>	<i>157.6</i>	<i>134.5</i>	<i>155.1</i>
Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5	1,380.2
Not stated	154.8	164.8	156.1	158.6
<b>Total employees</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>

**Table 1b Share of employees aged 15 years and over classified by detailed National Minimum Wage earnings status**

Detailed National Minimum Wage earnings status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
%				
<b>Share of employees by detailed National Minimum Wage earnings status<sup>1</sup></b>				
Employees reporting earning less than National Minimum Wage	1.8	1.5	1.1	1.5
Employees reporting earning National Minimum Wage	9.6	8.8	7.6	8.6
<i>Total employees reporting earning National Minimum Wage or less</i>	<i>11.4</i>	<i>10.3</i>	<i>8.6</i>	<i>10.1</i>
Employees reporting earning more than National Minimum Wage	88.6	89.7	91.4	89.9
<b>Total employees</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

**Table 2a Employees aged 15 years and over reporting earning less than National Minimum Wage by reason why**

Employees reporting earning less than National Minimum Wage by reason why	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
'000				
<b>Employees reporting earning less than National Minimum Wage by reason why</b>				
A special training rate	6.0	6.0	[5.2]	5.7
An age-related rate	6.1	7.4	[4.0]	5.8
A first job over 18 rate	[3.4]	*	*	*
Other reason	11.1	7.2	[4.8]	7.7
Not stated	*	*	*	*
<b>Total</b>	<b>27.6</b>	<b>23.2</b>	<b>16.6</b>	<b>22.5</b>

**Table 2b Share of employees aged 15 years and over reporting earning less than National Minimum Wage by reason why**

Employees reporting earning less than National Minimum Wage by reason why	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
%				
<b>Share of employees reporting earning less than National Minimum Wage by reason why</b>				
A special training rate	21.7	25.9	[31.3]	25.5
An age-related rate	22.1	31.9	[24.1]	26.0
A first job over 18 rate	[12.3]	*	*	*
Other reason	40.2	31.0	[28.9]	34.3
Not stated	*	*	*	*
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 3a Employees aged 15 years and over classified by gender and National Minimum Wage earnings status**

Gender/National Minimum Wage earnings status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
'000				
<b>Employees classified by gender and National Minimum Wage status</b>				
Male				
Employees reporting earning National Minimum Wage or less	80.0	71.9	60.3	70.7
Employees reporting earning more than National Minimum Wage	663.0	686.3	711.5	686.9
Not stated	79.2	87.4	80.4	82.3
<b>Total</b>	<b>822.2</b>	<b>845.6</b>	<b>852.2</b>	<b>840.0</b>
Female				
Employees reporting earning National Minimum Wage or less	93.2	85.7	74.2	84.4
Employees reporting earning more than National Minimum Wage	678.0	689.6	711.9	693.2
Not stated	75.6	77.4	75.7	76.2
<b>Total</b>	<b>846.8</b>	<b>852.7</b>	<b>861.8</b>	<b>853.8</b>
<b>All employees</b>				
Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5	155.1
Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5	1,380.2
Not stated	154.8	164.8	156.1	158.6
<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>

Table 3b Share and proportion of employees aged 15 years and over classified by gender and National Minimum Wage earnings status

Gender/National Minimum Wage earnings status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	%
<b>Share of employees reporting earning National Minimum Wage or less by gender</b>					
Male	46.2	45.6	44.8		45.6
Female	53.8	54.4	55.2		54.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>
<b>Share of total employees by gender<sup>1</sup></b>					
Male	49.1	49.4	49.5		49.4
Female	50.9	50.6	50.5		50.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>
<b>Proportion of employees reporting earning National Minimum Wage or less within each gender category<sup>1</sup></b>					
Male	10.8	9.5	7.8		9.3
Female	12.1	11.1	9.4		10.9
<b>Total</b>	<b>11.4</b>	<b>10.3</b>	<b>8.6</b>		<b>10.1</b>

<sup>1</sup> Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

Table 5a Employees aged 15 years and over classified by occupation (SOC2010) and National Minimum Wage earnings status

Broad occupational group/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	'000
<b>Employees classified by occupation (SOC2010) and National Minimum Wage status</b>					
	*	*	*		*
	Employees reporting earning more than National Minimum Wage	97.1	98.7	103.6	99.8
	Not stated	[5.4]	6.0	6.0	5.8
	<b>Total</b>	<b>104.6</b>	<b>106.4</b>	<b>111.3</b>	<b>107.4</b>
2. Professionals	Employees reporting earning National Minimum Wage or less	*	[3.9]	*	*
	Employees reporting earning more than National Minimum Wage	307.9	308.3	310.8	309.0
	Not stated	16.0	12.1	13.0	13.7
	<b>Total</b>	<b>326.6</b>	<b>324.3</b>	<b>326.1</b>	<b>325.7</b>
3. Associate professional and technical	Employees reporting earning National Minimum Wage or less	7.0	5.8	[5.2]	6.0
	Employees reporting earning more than National Minimum Wage	181.1	183.8	190.7	185.2
	Not stated	11.0	14.1	13.2	12.8
	<b>Total</b>	<b>199.0</b>	<b>203.7</b>	<b>209.1</b>	<b>203.9</b>
4. Administrative and secretarial	Employees reporting earning National Minimum Wage or less	9.4	7.5	6.0	7.6
	Employees reporting earning more than National Minimum Wage	175.5	184.4	184.1	181.3
	Not stated	17.0	14.8	14.7	15.5
	<b>Total</b>	<b>201.9</b>	<b>206.7</b>	<b>204.8</b>	<b>204.5</b>
5. Skilled trades	Employees reporting earning National Minimum Wage or less	18.3	16.0	13.9	16.1
	Employees reporting earning more than National Minimum Wage	137.6	138.2	149.4	141.7
	Not stated	20.9	22.8	18.5	20.7
	<b>Total</b>	<b>176.8</b>	<b>177.0</b>	<b>181.9</b>	<b>178.6</b>
6. Caring, leisure and other services	Employees reporting earning National Minimum Wage or less	23.6	21.6	15.7	20.3
	Employees reporting earning more than National Minimum Wage	106.6	113.8	122.4	114.3
	Not stated	19.9	20.2	22.7	20.9
	<b>Total</b>	<b>150.0</b>	<b>155.5</b>	<b>160.8</b>	<b>155.4</b>
7. Sales and customer service	Employees reporting earning National Minimum Wage or less	38.5	34.7	32.3	35.2
	Employees reporting earning more than National Minimum Wage	99.9	107.3	109.3	105.5
	Not stated	17.6	20.7	18.5	18.9
	<b>Total</b>	<b>156.0</b>	<b>162.7</b>	<b>160.1</b>	<b>159.6</b>
8. Process, plant and machine operatives	Employees reporting earning National Minimum Wage or less	12.7	9.8	8.7	10.4
	Employees reporting earning more than National Minimum Wage	100.0	107.9	110.8	106.2
	Not stated	12.4	14.0	12.7	13.0
	<b>Total</b>	<b>125.2</b>	<b>131.7</b>	<b>132.3</b>	<b>129.7</b>
9. Elementary	Employees reporting earning National Minimum Wage or less	57.9	55.9	48.3	54.0
	Employees reporting earning more than National Minimum Wage	125.8	123.3	131.3	126.8
	Not stated	27.2	34.1	31.7	31.0
	<b>Total</b>	<b>210.9</b>	<b>213.3</b>	<b>211.3</b>	<b>211.8</b>
Other/Not stated	Employees reporting earning National Minimum Wage or less	*	*	*	*
	Employees reporting earning more than National Minimum Wage	9.6	10.3	11.0	10.3
	Not stated	7.4	[5.8]	[5.1]	[6.1]
	<b>Total</b>	<b>18.1</b>	<b>16.9</b>	<b>16.5</b>	<b>17.2</b>
<b>All employees</b>	Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5	155.1
	Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5	1,380.2
	Not stated	154.8	164.8	156.1	158.6
	<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>

**Table 5b Share and proportion of employees aged 15 years and over classified by occupation (SOC2010) and National Minimum Wage earnings status**

Broad occupational group/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4	%
<b>Share of employees reporting earning National Minimum Wage or less by occupation (SOC2010)</b>					
1. Managers, directors and senior officials	*	*	*		*
2. Professionals	*	[2.5]	*		*
3. Associate professional and technical	4.0	3.7	[3.9]		3.9
4. Administrative and secretarial	5.4	4.8	4.5		4.9
5. Skilled trades	10.6	10.2	10.3		10.4
6. Caring, leisure and other services	13.6	13.7	11.7		13.1
7. Sales and customer service	22.2	22.0	24.0		22.7
8. Process, plant and machine operatives	7.3	6.2	6.5		6.7
9. Elementary	33.4	35.5	35.9		34.8
Other/Not stated	*	*	*		*
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>
<b>Share of total employees by occupation (SOC2010)<sup>1</sup></b>					
1. Managers, directors and senior officials	6.6	6.5	6.8		6.6
2. Professionals	20.5	20.4	20.1		20.3
3. Associate professional and technical	12.4	12.4	12.6		12.5
4. Administrative and secretarial	12.2	12.5	12.2		12.3
5. Skilled trades	10.3	10.1	10.5		10.3
6. Caring, leisure and other services	8.6	8.8	8.9		8.8
7. Sales and customer service	9.1	9.3	9.1		9.2
8. Process, plant and machine operatives	7.4	7.7	7.7		7.6
9. Elementary	12.1	11.7	11.5		11.8
Other/Not stated	0.7	0.7	0.7		0.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>
<b>Proportion of employees reporting earning National Minimum Wage or less within each occupation (SOC2010)<sup>1</sup></b>					
1. Managers, directors and senior officials	*	*	*		*
2. Professionals	*	[1.2]	*		*
3. Associate professional and technical	3.7	3.1	[2.7]		3.1
4. Administrative and secretarial	5.1	3.9	3.2		4.0
5. Skilled trades	11.7	10.4	8.5		10.2
6. Caring, leisure and other services	18.1	16.0	11.4		15.1
7. Sales and customer service	27.8	24.4	22.8		25.0
8. Process, plant and machine operatives	11.3	8.3	7.3		8.9
9. Elementary	31.5	31.2	26.9		29.9
Other/Not stated	*	*	*		*
<b>Total</b>	<b>11.4</b>	<b>10.3</b>	<b>8.6</b>		<b>10.1</b>

1 Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

**Table 6a Employees aged 15 years and over classified by age group and National Minimum Wage earnings status**

Age group/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	'000
<b>Employees classified by age group and National Minimum Wage status</b>					
15-19					
Employees reporting earning National Minimum Wage or less	24.5	25.3	21.8		23.9
Employees reporting earning more than National Minimum Wage	7.9	12.0	10.5		10.1
Not stated	6.1	5.6	5.9		5.9
<b>Total</b>	<b>38.5</b>	<b>42.9</b>	<b>38.2</b>		<b>39.9</b>
20-24					
Employees reporting earning National Minimum Wage or less	37.4	38.6	28.7		34.9
Employees reporting earning more than National Minimum Wage	66.7	73.4	78.2		72.8
Not stated	17.7	20.7	18.6		19.0
<b>Total</b>	<b>121.8</b>	<b>132.7</b>	<b>125.5</b>		<b>126.7</b>
15-24 (Youths)					
Employees reporting earning National Minimum Wage or less	61.9	63.9	50.5		58.8
Employees reporting earning more than National Minimum Wage	74.6	85.4	88.6		82.9
Not stated	23.8	26.3	24.5		24.9
<b>Total</b>	<b>160.3</b>	<b>175.6</b>	<b>163.7</b>		<b>166.5</b>
25-34					
Employees reporting earning National Minimum Wage or less	48.3	41.0	34.4		41.2
Employees reporting earning more than National Minimum Wage	347.7	360.5	365.9		358.0
Not stated	46.5	45.9	46.1		46.2
<b>Total</b>	<b>442.4</b>	<b>447.4</b>	<b>446.4</b>		<b>445.4</b>
35-44					
Employees reporting earning National Minimum Wage or less	28.6	24.7	22.4		25.2
Employees reporting earning more than National Minimum Wage	420.8	421.9	436.1		426.3
Not stated	32.3	38.8	35.4		35.5
<b>Total</b>	<b>481.7</b>	<b>485.5</b>	<b>493.9</b>		<b>487.0</b>
45-54					
Employees reporting earning National Minimum Wage or less	20.9	17.0	16.5		18.1
Employees reporting earning more than National Minimum Wage	302.9	311.6	323.1		312.5
Not stated	31.0	30.9	30.4		30.8
<b>Total</b>	<b>354.8</b>	<b>359.5</b>	<b>370.0</b>		<b>361.4</b>
55-59					
Employees reporting earning National Minimum Wage or less	7.1	[4.9]	[5.0]		5.7
Employees reporting earning more than National Minimum Wage	113.4	112.9	120.0		115.4
Not stated	12.0	12.0	8.7		10.9
<b>Total</b>	<b>132.5</b>	<b>129.8</b>	<b>133.8</b>		<b>132.0</b>
60-64					
Employees reporting earning National Minimum Wage or less	[3.6]	[4.1]	[3.7]		[3.8]
Employees reporting earning more than National Minimum Wage	63.4	66.2	69.7		66.4
Not stated	7.3	7.6	7.9		7.6
<b>Total</b>	<b>74.2</b>	<b>77.9</b>	<b>81.3</b>		<b>77.8</b>
65+					
Employees reporting earning National Minimum Wage or less	[2.8]	*	*		*
Employees reporting earning more than National Minimum Wage	18.2	17.4	19.9		18.5
Not stated	*	[3.3]	[3.1]		[2.8]
<b>Total</b>	<b>23.0</b>	<b>22.7</b>	<b>25.1</b>		<b>23.6</b>
<b>All employees</b>					
Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5		155.1
Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5		1,380.2
Not stated	154.8	164.8	156.1		158.6
<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>		<b>1,693.8</b>

**Table 6b Share and proportion of employees aged 15 years and over classified by age group and National Minimum Wage earnings status**

Age group/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	%
<b>Share of employees reporting earning National Minimum Wage or less by age group</b>					
15-19	14.1	16.1	16.2	15.4	
20-24	21.6	24.5	21.3	22.5	
<i>Total 15-24 (Youths)</i>	35.7	40.5	37.5	37.9	
25-34	27.9	26.0	25.6	26.6	
35-44	16.5	15.7	16.7	16.3	
45-54	12.1	10.8	12.3	11.7	
55-59	4.1	[3.1]	[3.7]	3.7	
60-64	[2.1]	[2.6]	[2.8]	[2.5]	
65+	[1.6]	*	*		
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>Share of total employees by age group<sup>1</sup></b>					
15-19	2.1	2.4	2.1	2.2	
20-24	6.9	7.3	6.9	7.0	
<i>Total 15-24 (Youths)</i>	9.0	9.7	8.9	9.2	
25-34	26.2	26.2	25.7	26.0	
35-44	29.7	29.1	29.4	29.4	
45-54	21.4	21.4	21.8	21.5	
55-59	8.0	7.7	8.0	7.9	
60-64	4.4	4.6	4.7	4.6	
65+	1.4	1.3	1.4	1.4	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>Proportion of employees reporting earning National Minimum Wage or less within each age</b>					
15-19	75.4	67.8	67.5	70.1	
20-24	35.9	34.5	26.8	32.4	
<i>Total 15-24 (Youths)</i>	45.3	42.8	36.3	41.5	
25-34	12.2	10.2	8.6	10.3	
35-44	6.4	5.5	4.9	5.6	
45-54	6.5	5.2	4.9	5.5	
55-59	5.9	[4.2]	[4.0]	4.7	
60-64	[5.4]	[5.8]	[5.0]	[5.4]	
65+	[13.3]	*	*		
<b>Total</b>	<b>11.4</b>	<b>10.3</b>	<b>8.6</b>	<b>10.1</b>	

<sup>1</sup> Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

**Table 7a Employees aged 15 years and over classified by NUTS2 and NUTS3 regions and National Minimum Wage earnings status**

Region/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	'000
<b>Employees classified by NUTS2 and NUTS3 regions and National Minimum Wage status</b>					
<b>Border, Midland and Western</b>					
Employees reporting earning National Minimum Wage or less	45.0	45.1	37.5		42.5
Employees reporting earning more than National Minimum Wage	317.4	320.2	340.0		325.9
Not stated	31.9	34.7	31.5		32.7
<b>Total</b>	<b>394.4</b>	<b>399.9</b>	<b>409.0</b>		<b>401.1</b>
<b>Border</b>					
Employees reporting earning National Minimum Wage or less	22.5	20.2	18.0		20.2
Employees reporting earning more than National Minimum Wage	115.6	120.0	127.1		120.9
Not stated	14.6	14.5	13.0		14.0
<b>Total</b>	<b>152.7</b>	<b>154.7</b>	<b>158.2</b>		<b>155.2</b>
<b>Midland</b>					
Employees reporting earning National Minimum Wage or less	8.9	9.2	[5.9]		8.0
Employees reporting earning more than National Minimum Wage	78.2	76.2	83.3		79.2
Not stated	8.6	11.0	8.4		9.3
<b>Total</b>	<b>95.8</b>	<b>96.4</b>	<b>97.5</b>		<b>96.6</b>
<b>West</b>					
Employees reporting earning National Minimum Wage or less	13.6	15.7	13.5		14.3
Employees reporting earning more than National Minimum Wage	123.6	123.9	129.6		125.7
Not stated	8.7	9.2	10.1		9.3
<b>Total</b>	<b>145.9</b>	<b>148.8</b>	<b>153.3</b>		<b>149.3</b>
<b>Southern and Eastern</b>					
Employees reporting earning National Minimum Wage or less	128.1	112.5	97.0		112.5
Employees reporting earning more than National Minimum Wage	1,023.6	1,055.8	1,083.5		1,054.3
Not stated	122.9	130.0	124.6		125.8
<b>Total</b>	<b>1,274.6</b>	<b>1,298.4</b>	<b>1,305.1</b>		<b>1,292.7</b>
<b>Dublin</b>					
Employees reporting earning National Minimum Wage or less	46.4	40.9	38.6		42.0
Employees reporting earning more than National Minimum Wage	452.6	466.5	478.3		465.8
Not stated	46.8	41.2	43.7		43.9
<b>Total</b>	<b>545.8</b>	<b>548.6</b>	<b>560.7</b>		<b>551.7</b>
<b>Mideast</b>					
Employees reporting earning National Minimum Wage or less	20.0	16.5	12.2		16.2
Employees reporting earning more than National Minimum Wage	167.5	165.8	170.6		168.0
Not stated	17.7	17.1	16.7		17.2
<b>Total</b>	<b>205.2</b>	<b>199.4</b>	<b>199.6</b>		<b>201.4</b>
<b>Midwest</b>					
Employees reporting earning National Minimum Wage or less	12.9	12.8	9.8		11.8
Employees reporting earning more than National Minimum Wage	100.7	109.7	111.6		107.3
Not stated	13.0	9.1	13.2		11.6
<b>Total</b>	<b>126.6</b>	<b>131.6</b>	<b>134.7</b>		<b>131.0</b>
<b>Southeast</b>					
Employees reporting earning National Minimum Wage or less	22.9	21.9	18.2		21.0
Employees reporting earning more than National Minimum Wage	131.9	136.9	143.9		137.6
Not stated	13.7	15.5	11.6		13.6
<b>Total</b>	<b>168.5</b>	<b>174.3</b>	<b>173.8</b>		<b>172.2</b>
<b>Southwest</b>					
Employees reporting earning National Minimum Wage or less	26.0	20.4	18.1		21.5
Employees reporting earning more than National Minimum Wage	170.9	176.9	178.9		175.6
Not stated	31.6	47.1	39.3		39.3
<b>Total</b>	<b>228.5</b>	<b>244.5</b>	<b>236.4</b>		<b>236.5</b>
<b>All employees</b>					
Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5		155.1
Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5		1,380.2
Not stated	154.8	164.8	156.1		158.6
<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>		<b>1,693.8</b>

**Table 7b Share and proportion of employees aged 15 years and over classified by NUTS2 and NUTS3 regions and National Minimum Wage**

Region/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	%
<b>Share of employees reporting earning National Minimum Wage or less by NUTS2 and NUTS3 regions</b>					
<b>Border, Midland and Western</b>					
Border	13.0	12.8	13.4		13.0
Midland	5.1	5.8	[4.4]		5.2
West	7.9	10.0	10.0		9.2
<b>Southern and Eastern</b>	<b>74.0</b>	<b>71.4</b>	<b>72.1</b>		<b>72.6</b>
Dublin	26.8	26.0	28.7		27.1
Mideast	11.5	10.5	9.1		10.5
Midwest	7.4	8.1	7.3		7.6
Southeast	13.2	13.9	13.5		13.5
Southwest	15.0	12.9	13.5		13.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>
<b>Share of total employees by NUTS2 and NUTS3 regions<sup>1</sup></b>					
<b>Border, Midland and Western</b>					
Border	23.9	23.8	24.2		24.0
Midland	9.1	9.1	9.3		9.2
West	5.8	5.6	5.7		5.7
West	9.1	9.1	9.2		9.1
<b>Southern and Eastern</b>	<b>76.1</b>	<b>76.2</b>	<b>75.8</b>		<b>76.0</b>
Dublin	32.9	33.1	33.2		33.1
Mideast	12.4	11.9	11.7		12.0
Midwest	7.5	8.0	7.8		7.8
Southeast	10.2	10.4	10.4		10.3
Southwest	13.0	12.9	12.7		12.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>
<b>Proportion of employees reporting earning National Minimum Wage or less within each NUTS2 and NUTS3 regions<sup>1</sup></b>					
<b>Border, Midland and Western</b>					
Border	12.4	12.3	9.9		11.5
Midland	16.3	14.4	12.4		14.3
Midland	10.2	10.8	[6.6]		9.2
West	9.9	11.2	9.4		10.2
<b>Southern and Eastern</b>	<b>11.1</b>	<b>9.6</b>	<b>8.2</b>		<b>9.6</b>
Dublin	9.3	8.1	7.5		8.3
Mideast	10.7	9.1	6.7		8.8
Midwest	11.4	10.4	8.1		9.9
Southeast	14.8	13.8	11.2		13.2
Southwest	13.2	10.3	9.2		10.9
<b>Total</b>	<b>11.4</b>	<b>10.3</b>	<b>8.6</b>		<b>10.1</b>

<sup>1</sup> Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

**Table 8a Employees aged 15 years and over classified by usual hours of work per week and National Minimum Wage earnings status**

Usual hours of work per week/National Minimum Wage status		Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
<b>Employees classified by usual hours of work per week and National Minimum Wage status</b>					
1-9 hours	Employees reporting earning National Minimum Wage or less	13.0	9.2	11.4	11.2
	Employees reporting earning more than National Minimum Wage	16.7	15.3	15.0	15.7
	Not stated	[3.1]	*	*	*
	<b>Total</b>	<b>32.8</b>	<b>27.2</b>	<b>29.5</b>	<b>29.8</b>
10-19 hours	Employees reporting earning National Minimum Wage or less	34.2	30.1	32.8	32.4
	Employees reporting earning more than National Minimum Wage	68.4	74.3	76.4	73.0
	Not stated	15.8	14.9	14.1	14.9
	<b>Total</b>	<b>118.4</b>	<b>119.3</b>	<b>123.3</b>	<b>120.3</b>
20-29 hours	Employees reporting earning National Minimum Wage or less	40.1	40.0	29.3	36.5
	Employees reporting earning more than National Minimum Wage	161.1	157.9	171.5	163.5
	Not stated	26.6	33.0	27.0	28.9
	<b>Total</b>	<b>227.8</b>	<b>230.9</b>	<b>227.8</b>	<b>228.8</b>
30-34 hours	Employees reporting earning National Minimum Wage or less	9.5	7.8	6.2	7.8
	Employees reporting earning more than National Minimum Wage	76.4	80.0	79.7	78.7
	Not stated	6.6	8.8	8.0	7.8
	<b>Total</b>	<b>92.5</b>	<b>96.6</b>	<b>93.9</b>	<b>94.3</b>
35-39 hours	Employees reporting earning National Minimum Wage or less	28.8	26.9	21.8	25.8
	Employees reporting earning more than National Minimum Wage	492.3	495.3	506.9	498.2
	Not stated	34.3	39.9	36.2	36.8
	<b>Total</b>	<b>555.3</b>	<b>562.1</b>	<b>564.9</b>	<b>560.8</b>
40-44 hours	Employees reporting earning National Minimum Wage or less	24.7	21.2	17.5	21.1
	Employees reporting earning more than National Minimum Wage	354.3	382.9	395.5	377.6
	Not stated	45.6	42.2	46.9	44.9
	<b>Total</b>	<b>424.6</b>	<b>446.3</b>	<b>459.8</b>	<b>443.6</b>
45 hours & over	Employees reporting earning National Minimum Wage or less	[5.2]	6.3	[4.1]	[5.2]
	Employees reporting earning more than National Minimum Wage	115.1	115.2	123.7	118.0
	Not stated	8.4	8.7	6.7	7.9
	<b>Total</b>	<b>128.7</b>	<b>130.1</b>	<b>134.5</b>	<b>131.1</b>
Variable hours	Employees reporting earning National Minimum Wage or less	17.7	16.1	11.5	15.1
	Employees reporting earning more than National Minimum Wage	56.7	55.0	54.7	55.5
	Not stated	14.4	14.7	14.1	14.4
	<b>Total</b>	<b>88.8</b>	<b>85.8</b>	<b>80.2</b>	<b>84.9</b>
<b>All employees</b>	Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5	155.1
	Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5	1,380.2
	Not stated	154.8	164.8	156.1	158.6
	<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>

**Table 8b Share and proportion of employees aged 15 years and over classified by usual hours of work per week and National Minimum Wage**

Usual hours of work per week/National Minimum Wage status		Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
<b>Share of employees reporting earning National Minimum Wage or less by usual hours of work per week</b>					
1-9 hours		7.5	5.8	8.5	7.2
10-19 hours		19.7	19.1	24.4	20.9
20-29 hours		23.2	25.4	21.8	23.5
30-34 hours		5.5	4.9	4.6	5.1
35-39 hours		16.6	17.1	16.2	16.7
40-44 hours		14.3	13.5	13.0	13.6
45 hours & over		[3.0]	4.0	[3.0]	[3.4]
Variable hours		10.2	10.2	8.6	9.7
<b>Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share of total employees by usual hours of work per week<sup>1</sup></b>					
1-9 hours		2.0	1.6	1.7	1.7
10-19 hours		6.8	6.8	7.0	6.9
20-29 hours		13.3	12.9	12.9	13.0
30-34 hours		5.7	5.7	5.5	5.6
35-39 hours		34.4	34.1	33.9	34.1
40-44 hours		25.0	26.3	26.5	26.0
45 hours & over		7.9	7.9	8.2	8.0
Variable hours		4.9	4.6	4.2	4.6
<b>Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Proportion of employees reporting earning National Minimum Wage or less within each usual hours of work per week</b>					
1-9 hours		43.8	37.6	43.2	41.7
10-19 hours		33.3	28.8	30.0	30.7
20-29 hours		19.9	20.2	14.6	18.2
30-34 hours		11.1	8.9	7.2	9.1
35-39 hours		5.5	5.2	4.1	4.9
40-44 hours		6.5	5.2	4.2	5.3
45 hours & over		[4.3]	5.2	[3.2]	[4.2]
Variable hours		23.8	22.6	17.4	21.4
<b>Total</b>		<b>11.4</b>	<b>10.3</b>	<b>8.6</b>	<b>10.1</b>

<sup>1</sup> Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

Table 9a Employees aged 15 years and over classified by full-time/part-time status and National Minimum Wage earnings status

'000

Full and part-time status/National Minimum Wage status		Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
<b>Employees classified by full-time/part-time status and National Minimum Wage status</b>					
Full-time	Employees reporting earning National Minimum Wage or less	73.4	64.8	53.9	64.0
	Employees reporting earning more than National Minimum Wage	1,095.7	1,127.5	1,166.4	1,129.9
	Not stated	102.5	107.2	106.2	105.3
	<b>Total</b>	<b>1,271.6</b>	<b>1,299.5</b>	<b>1,326.4</b>	<b>1,299.2</b>
Part-time	Employees reporting earning National Minimum Wage or less	99.8	92.8	80.7	91.1
	Employees reporting earning more than National Minimum Wage	245.3	248.5	257.1	250.3
	Not stated	52.3	57.5	49.9	53.2
	<b>Total</b>	<b>397.4</b>	<b>398.8</b>	<b>387.6</b>	<b>394.6</b>
<b>All employees</b>	Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5	155.1
	Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5	1,380.2
	Not stated	154.8	164.8	156.1	158.6
	<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>

Table 9b Share and proportion of employees aged 15 years and over classified by full-time/part-time status and National Minimum Wage earnings status

%

Full and part-time status/National Minimum Wage status		Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
<b>Share of employees reporting earning National Minimum Wage or less by full-time/part-time</b>					
Full-time		42.4	41.1	40.1	41.3
Part-time		57.6	58.9	60.0	58.7
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share of total employees by full-time/part-time status<sup>1</sup></b>					
Full-time		76.6	77.2	77.8	77.2
Part-time		23.4	22.8	22.2	22.8
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Proportion of employees reporting earning National Minimum Wage or less within each full-time/part-time status category</b>					
Full-time		6.3	5.4	4.4	5.4
Part-time		28.9	27.2	23.9	26.7
	<b>Total</b>	<b>11.4</b>	<b>10.3</b>	<b>8.6</b>	<b>10.1</b>

1 Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

Table 10a Employees aged 15 years and over classified by permanency of employment and National Minimum Wage earnings

'000

Permanency of employment/National Minimum Wage status		Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
<b>Employees classified by permanency of employment and National Minimum Wage status</b>					
Permanent employees	Employees reporting earning National Minimum Wage or less	126.5	111.9	96.8	111.7
	Employees reporting earning more than National Minimum Wage	1,260.3	1,292.1	1,342.5	1,298.3
	Not stated	115.5	124.1	119.3	119.6
	<b>Total</b>	<b>1,502.4</b>	<b>1,528.2</b>	<b>1,558.6</b>	<b>1,529.7</b>
Temporary employees	Employees reporting earning National Minimum Wage or less	45.4	43.6	36.1	41.7
	Employees reporting earning more than National Minimum Wage	77.1	80.9	78.3	78.8
	Not stated	18.3	20.2	18.1	18.9
	<b>Total</b>	<b>140.8</b>	<b>144.7</b>	<b>132.6</b>	<b>139.4</b>
Not stated	Employees reporting earning National Minimum Wage or less	*	*	*	*
	Employees reporting earning more than National Minimum Wage	*	*	*	*
	Not stated	21.0	20.4	18.7	20.0
	<b>Total</b>	<b>25.8</b>	<b>25.4</b>	<b>22.9</b>	<b>24.7</b>
<b>All employees</b>	Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5	155.1
	Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5	1,380.2
	Not stated	154.8	164.8	156.1	158.6
	<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>

Table 10b Share and proportion of employees aged 15 years and over classified by permanency of employment and National Minimum Wage earnings status

%

Permanency of employment/National Minimum Wage status		Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
<b>Share of employees reporting earning National Minimum Wage or less by permanency of employment</b>					
Permanent employees		73.0	71.0	72.0	72.0
Temporary employees		26.2	27.7	26.8	26.9
Not stated		*	*	*	*
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share of total employees by permanency of employment<sup>1</sup></b>					
Permanent employees		91.6	91.5	92.4	91.8
Temporary employees		8.1	8.1	7.3	7.8
Not stated		[0.3]	[0.3]	[0.3]	[0.3]
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Proportion of employees reporting earning National Minimum Wage or less within each permanency of employment</b>					
Permanent employees		9.1	8.0	6.7	7.9
Temporary employees		37.1	35.0	31.5	34.6
Not stated		*	*	*	*
	<b>Total</b>	<b>11.4</b>	<b>10.3</b>	<b>8.6</b>	<b>10.1</b>

1 Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

**Table 11a Employees aged 15 years and over classified by supervisory duties and National Minimum Wage earnings status**

Supervisory duties/National Minimum Wage status		Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	'000
<b>Employees classified by supervisory duties and National Minimum Wage status</b>						
Person is a supervisor	Employees reporting earning National Minimum Wage or less	10.4	9.6	6.8	8.9	
	Employees reporting earning more than National Minimum Wage	421.1	436.3	449.6	435.7	
	Not stated	18.2	21.8	19.6	19.9	
	<b>Total</b>	<b>449.7</b>	<b>467.7</b>	<b>476.0</b>	<b>464.5</b>	
Person is not a supervisor	Employees reporting earning National Minimum Wage or less	162.8	147.8	127.7	146.1	
	Employees reporting earning more than National Minimum Wage	918.5	938.1	971.9	942.8	
	Not stated	112.5	122.0	116.0	116.8	
	<b>Total</b>	<b>1,193.7</b>	<b>1,207.9</b>	<b>1,215.5</b>	<b>1,205.7</b>	
Not stated	Employees reporting earning National Minimum Wage or less	*	*	*	*	
	Employees reporting earning more than National Minimum Wage	*	*	*	*	
	Not stated	24.1	20.9	20.5	21.8	
	<b>Total</b>	<b>25.6</b>	<b>22.7</b>	<b>22.5</b>	<b>23.6</b>	
<b>All employees</b>	Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5	155.1	
	Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5	1,380.2	
	Not stated	154.8	164.8	156.1	158.6	
	<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>	

**Table 11b Share and proportion of employees aged 15 years and over classified by supervisory duties and National Minimum Wage**

Supervisory duties/National Minimum Wage status		Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	%
<b>Share of employees reporting earning National Minimum Wage or less by supervisory duties</b>						
Person is a supervisor		6.0	6.1	5.1	5.8	
Person is not a supervisor		94.0	93.8	94.9	94.2	
Not stated		*	*	*	*	
<b>Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>Share of total employees by supervisory duties<sup>1</sup></b>						
Person is a supervisor		28.5	29.1	29.3	29.0	
Person is not a supervisor		71.4	70.8	70.6	70.9	
Not stated		*	*	*	*	
<b>Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>Proportion of employees reporting earning National Minimum Wage or less within each supervisory duties</b>						
Person is a supervisor		2.4	2.2	1.5	2.0	
Person is not a supervisor		15.1	13.6	11.6	13.4	
Not stated		*	*	*	*	
<b>Total</b>		<b>11.4</b>	<b>10.3</b>	<b>8.6</b>	<b>10.1</b>	

1 Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

**Table 12a Employees aged 15 years and over classified by duration of employment and National Minimum Wage earnings status**

Duration of employment/National Minimum Wage status		Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	'000
<b>Employees classified by duration of employment and National Minimum Wage status</b>						
Less than 3 months	Employees reporting earning National Minimum Wage or less	21.1	25.8	16.5	21.1	
	Employees reporting earning more than National Minimum Wage	45.4	53.1	51.8	50.1	
	Not stated	10.0	10.8	9.2	10.0	
	<b>Total</b>	<b>76.5</b>	<b>89.7</b>	<b>77.5</b>	<b>81.2</b>	
3-5 months	Employees reporting earning National Minimum Wage or less	15.2	18.9	17.1	17.1	
	Employees reporting earning more than National Minimum Wage	48.4	48.6	55.5	50.8	
	Not stated	8.6	8.1	8.9	8.5	
	<b>Total</b>	<b>72.1</b>	<b>75.5</b>	<b>81.5</b>	<b>76.4</b>	
6-11 months	Employees reporting earning National Minimum Wage or less	28.4	25.0	20.4	24.6	
	Employees reporting earning more than National Minimum Wage	92.8	92.6	88.4	91.3	
	Not stated	16.9	17.1	15.0	16.3	
	<b>Total</b>	<b>138.2</b>	<b>134.7</b>	<b>123.9</b>	<b>132.3</b>	
<b>Total less than 1 year</b>	Employees reporting earning National Minimum Wage or less	64.7	69.6	54.0	62.8	
	Employees reporting earning more than National Minimum Wage	186.6	194.3	195.8	192.2	
	Not stated	35.4	36.1	33.1	34.9	
	<b>Total</b>	<b>286.8</b>	<b>300.0</b>	<b>282.9</b>	<b>289.9</b>	
12-17 months	Employees reporting earning National Minimum Wage or less	17.6	14.6	15.5	15.9	
	Employees reporting earning more than National Minimum Wage	68.9	71.9	76.5	72.4	
	Not stated	12.8	11.8	11.8	12.1	
	<b>Total</b>	<b>99.3</b>	<b>98.3</b>	<b>103.8</b>	<b>100.5</b>	
18-23 months	Employees reporting earning National Minimum Wage or less	13.1	9.8	9.3	10.7	
	Employees reporting earning more than National Minimum Wage	49.5	60.6	60.8	57.0	
	Not stated	7.4	9.7	9.5	8.9	
	<b>Total</b>	<b>70.0</b>	<b>80.1</b>	<b>79.6</b>	<b>76.6</b>	
18-47 months	Employees reporting earning National Minimum Wage or less	24.7	22.6	20.4	22.6	
	Employees reporting earning more than National Minimum Wage	128.6	155.7	153.0	145.8	
	Not stated	16.1	19.9	16.9	17.6	
	<b>Total</b>	<b>169.5</b>	<b>198.2</b>	<b>190.3</b>	<b>186.0</b>	
48 months and greater	Employees reporting earning National Minimum Wage or less	50.0	38.0	31.9	40.0	
	Employees reporting earning more than National Minimum Wage	877.8	863.9	902.0	881.2	
	Not stated	59.8	63.3	57.8	60.3	
	<b>Total</b>	<b>987.6</b>	<b>965.2</b>	<b>991.6</b>	<b>981.5</b>	
<b>Total 1 year and over</b>	Employees reporting earning National Minimum Wage or less	105.4	85.0	77.0	89.1	
	Employees reporting earning more than National Minimum Wage	1,124.9	1,152.1	1,192.3	1,156.4	
	Not stated	96.1	104.7	96.0	98.9	
	<b>Total</b>	<b>1,326.4</b>	<b>1,341.8</b>	<b>1,365.3</b>	<b>1,344.5</b>	
Not stated	Employees reporting earning National Minimum Wage or less	[3.0]	*	*	*	
	Employees reporting earning more than National Minimum Wage	29.5	29.6	35.3	31.5	
	Not stated	23.2	24.0	27.1	24.8	
	<b>Total</b>	<b>55.7</b>	<b>56.6</b>	<b>65.9</b>	<b>59.4</b>	
<b>All employees</b>	Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5	155.1	
	Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5	1,380.2	
	Not stated	154.8	164.8	156.1	158.6	
	<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>	



Table 12b Share and proportion of employees aged 15 years and over classified by duration of employment and National Minimum Wage earnings status

Duration of employment/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	%
<b>Share of employees reporting earning National Minimum Wage or less by duration of employment</b>					
Less than 3 months	12.2	16.4	12.3		13.6
3-5 months	8.8	12.0	12.7		11.0
6-11 months	16.4	15.9	15.2		15.9
<b>Total less than 1 year</b>	<b>37.4</b>	<b>44.2</b>	<b>40.1</b>		<b>40.5</b>
12-17 months	10.2	9.3	11.5		10.3
18-23 months	7.6	6.2	6.9		6.9
24-47 months	14.3	14.3	15.2		14.5
48 months and greater	28.9	24.1	23.7		25.8
<b>Total 1 year and over</b>	<b>60.9</b>	<b>53.9</b>	<b>57.2</b>		<b>57.5</b>
Not stated	[1.7]	*	*		*
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>
<b>Share of total employees by duration of employment<sup>1</sup></b>					
Less than 3 months	4.4	5.1	4.4		4.6
3-5 months	4.2	4.4	4.7		4.4
6-11 months	8.0	7.7	7.0		7.6
<b>Total less than 1 year</b>	<b>16.6</b>	<b>17.2</b>	<b>16.0</b>		<b>16.6</b>
12-17 months	5.7	5.6	5.9		5.8
18-23 months	4.1	4.6	4.5		4.4
24-47 months	10.1	11.6	11.1		11.0
48 months and greater	61.3	58.8	59.9		60.0
<b>Total 1 year and over</b>	<b>81.3</b>	<b>80.7</b>	<b>81.5</b>		<b>81.1</b>
Not stated	2.1	2.1	2.5		2.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>
<b>Proportion of employees reporting earning National Minimum Wage or less within each duration of employment</b>					
Less than 3 months	31.7	32.7	24.2		29.7
3-5 months	23.9	28.0	23.6		25.1
6-11 months	23.4	21.3	18.7		21.2
<b>Total less than 1 year</b>	<b>25.7</b>	<b>26.4</b>	<b>21.6</b>		<b>24.6</b>
12-17 months	20.3	16.9	16.8		18.0
18-23 months	20.9	13.9	13.3		15.8
24-47 months	16.1	12.7	11.8		13.4
48 months and greater	5.4	4.2	3.4		4.3
<b>Total 1 year and over</b>	<b>8.6</b>	<b>6.9</b>	<b>6.1</b>		<b>7.2</b>
Not stated	[9.2]	*	*		*
<b>Total</b>	<b>11.4</b>	<b>10.3</b>	<b>8.6</b>		<b>10.1</b>

<sup>1</sup> Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

Table 13a Employees aged 15 years and over classified by nationality and National Minimum Wage earnings status

Nationality/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	'000	
<b>Employees classified by nationality and National Minimum Wage status</b>						
Irish nationals	Employees reporting earning National Minimum Wage or less	122.9	115.6	95.7		111.4
	Employees reporting earning more than National Minimum Wage	1,141.2	1,165.8	1,208.8		1,171.9
	Not stated	121.4	129.5	121.5		124.1
	<b>Total</b>	<b>1,385.6</b>	<b>1,410.9</b>	<b>1,425.9</b>		<b>1,407.5</b>
Non-Irish nationals	Employees reporting earning National Minimum Wage or less	50.3	42.0	38.8		43.7
	Employees reporting earning more than National Minimum Wage	199.8	210.2	214.7		208.2
	Not stated	33.4	35.2	34.6		34.4
	<b>Total</b>	<b>283.4</b>	<b>287.5</b>	<b>288.1</b>		<b>286.3</b>
<i>of which:</i> United Kingdom	Employees reporting earning National Minimum Wage or less	*	*	*		*
	Employees reporting earning more than National Minimum Wage	33.3	36.4	37.5		35.7
	Not stated	[5.0]	*	*		*
	<b>Total</b>	<b>41.7</b>	<b>43.0</b>	<b>41.9</b>		<b>42.2</b>
EU15 excl. Irl and UK	Employees reporting earning National Minimum Wage	[2.0]	*	*		*
	Employees reporting earning more than National Minimum Wage	15.3	15.5	16.2		15.7
	Not stated	*	[2.2]	[2.5]		[2.1]
	<b>Total</b>	<b>18.9</b>	<b>19.0</b>	<b>19.6</b>		<b>19.2</b>
EU15 to EU28	Employees reporting earning National Minimum Wage	20.3	16.7	15.8		17.6
	Employees reporting earning more than National Minimum Wage	78.9	79.3	82.7		80.3
	Not stated	11.0	14.1	11.5		12.2
	<b>Total</b>	<b>110.2</b>	<b>110.2</b>	<b>110.0</b>		<b>110.1</b>
Other	Employees reporting earning National Minimum Wage	24.6	20.7	20.3		21.9
	Employees reporting earning more than National Minimum Wage	72.3	79.0	78.3		76.5
	Not stated	15.7	15.6	18.0		16.4
	<b>Total</b>	<b>112.6</b>	<b>115.2</b>	<b>116.6</b>		<b>114.8</b>
<b>All employees</b>	Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5		155.1
	Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5		1,380.2
	Not stated	154.8	164.8	156.1		158.6
	<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>		<b>1,693.8</b>

**Table 13b Share and proportion of employees aged 15 years and over classified by nationality and National Minimum Wage earnings status**

Nationality/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	%
<b>Share of employees reporting earning National Minimum Wage or less by nationality</b>					
Irish nationals	71.0	73.4	71.2		71.8
Non-Irish nationals	29.0	26.6	28.8		28.2
<i>of which:</i>					
United Kingdom	*	*	*		*
EU15 excl. Irl and UK	[1.2]	*	*		*
EU15 to EU28	11.7	10.6	11.7		11.3
Other	14.2	13.1	15.1		14.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>
<b>Share of total employees by nationality<sup>1</sup></b>					
Irish nationals	83.5	83.5	83.7		83.6
Non-Irish nationals	16.5	16.4	16.3		16.4
<i>of which:</i>					
United Kingdom	2.4	2.6	2.5		2.5
EU15 excl. Irl and UK	1.1	1.1	1.1		1.1
EU15 to EU28	6.6	6.3	6.3		6.4
Other	6.4	6.5	6.3		6.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>
<b>Proportion of employees reporting earning National Minimum Wage or less within each nationality category<sup>1</sup></b>					
Irish nationals	9.7	9.0	7.3		8.7
Non-Irish nationals	20.1	16.7	15.3		17.3
<i>of which:</i>					
United Kingdom	*	*	*		*
EU15 excl. Irl and UK	[11.6]	*	*		*
EU15 to EU28	20.5	17.4	16.1		18.0
Other	25.4	20.8	20.6		22.2
<b>Total</b>	<b>11.4</b>	<b>10.3</b>	<b>8.6</b>		<b>10.1</b>

<sup>1</sup> Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

**Table 14a Employees aged 15 years and over classified by highest level of education attained and National Minimum Wage earnings status**

Highest level of education attained/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16	'000
<b>Employees classified by highest level of education attained and National Minimum Wage status</b>					
Primary or below	9.6	7.9	8.6		8.7
Employees reporting earning National Minimum Wage or less	36.9	37.5	33.8		36.1
Employees reporting earning more than National Minimum Wage	10.1	10.2	8.3		9.5
Not stated	56.6	55.6	50.8		54.3
Lower secondary	26.7	27.8	21.0		25.2
Employees reporting earning National Minimum Wage or less	105.1	107.6	113.1		108.6
Employees reporting earning more than National Minimum Wage	16.1	19.6	16.7		17.5
Not stated	147.9	155.0	150.8		151.2
Higher secondary	69.8	62.1	55.6		62.5
Employees reporting earning National Minimum Wage or less	305.0	310.9	321.5		312.5
Employees reporting earning more than National Minimum Wage	42.2	48.8	45.4		45.5
Not stated	416.9	421.8	422.6		420.4
Post-secondary no tertiary	24.1	19.2	16.5		19.9
Employees reporting earning National Minimum Wage or less	164.8	172.5	180.4		172.6
Employees reporting earning more than National Minimum Wage	18.5	22.6	19.2		20.1
Not stated	207.4	214.2	216.0		212.5
Third level non-honours degree	20.2	16.8	16.0		17.7
Employees reporting earning National Minimum Wage or less	263.4	268.8	278.1		270.1
Employees reporting earning more than National Minimum Wage	23.3	21.5	19.8		21.5
Not stated	306.9	307.1	313.8		309.3
Third level honors degree or above	16.6	17.7	12.4		15.6
Employees reporting earning National Minimum Wage or less	437.2	445.9	461.2		448.1
Employees reporting earning more than National Minimum Wage	25.3	21.9	25.0		24.1
Not stated	479.1	485.5	498.6		487.7
Other/Not stated	[6.2]	[6.2]	[4.5]		[5.6]
Employees reporting earning National Minimum Wage or less	28.7	32.8	35.4		32.3
Employees reporting earning more than National Minimum Wage	19.3	20.1	21.7		20.4
Not stated	54.2	59.1	61.5		58.3
<b>All employees</b>	173.2	157.6	134.5		155.1
Employees reporting earning National Minimum Wage or less	1,341.0	1,376.0	1,423.5		1,380.2
Employees reporting earning more than National Minimum Wage	154.8	164.8	156.1		158.6
Not stated	1,669.0	1,698.3	1,714.1		1,693.8

Table 14b Share and proportion of employees aged 15 years and over classified by highest level of education attained and National Minimum Wage earnings status

status	%			
	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
Highest level of education attained/National Minimum Wage				
<b>Share of employees reporting earning National Minimum Wage or less by highest level of education attained</b>				
Primary or below	5.5	5.0	6.4	5.6
Lower secondary	15.4	17.6	15.6	16.2
Higher secondary	40.3	39.4	41.3	40.3
Post-secondary no tertiary	13.9	12.2	12.3	12.9
Third level non-honours degree	11.7	10.7	11.9	11.4
Third level honours degree or above	9.6	11.2	9.2	10.0
Other/Not stated	[3.6]	[3.9]	[3.3]	[3.6]
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share of total employees by highest level of education attained<sup>1</sup></b>				
Primary or below	3.1	3.0	2.7	2.9
Lower secondary	8.7	8.8	8.6	8.7
Higher secondary	24.7	24.3	24.2	24.4
Post-secondary no tertiary	12.5	12.5	12.6	12.5
Third level non-honours degree	18.7	18.6	18.9	18.7
Third level honours degree or above	30.0	30.2	30.4	30.2
Other/Not stated	2.3	2.5	2.6	2.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Proportion of employees reporting earning National Minimum Wage or less within each highest level of education attained category<sup>1</sup></b>				
Primary or below	20.6	17.4	20.3	19.4
Lower secondary	20.3	20.5	15.7	18.8
Higher secondary	18.6	16.6	14.7	16.7
Post-secondary no tertiary	12.8	10.0	8.4	10.4
Third level non-honours degree	7.1	5.9	5.4	6.1
Third level honours degree or above	3.7	3.8	2.6	3.4
Other/Not stated	[17.8]	[15.9]	[11.3]	[14.9]
				<b>Total</b>

Denominator excludes employees whose National Minimum Wage status was *Not stated*

<sup>1</sup> Note:

Table 15a Employees aged 15 years and over classified by degree of urbanization and National Minimum Wage earnings status

Wage	classified by degree of urbanization and National Minimum Wage status	'000 urbanization/Rural status			
		Degree	of	Employees	Minimum
Densely populated area	Employees reporting earning National Minimum Wage or less	57.3	54.9	51.7	54.6
	Employees reporting earning more than National Minimum Wage	525.1	546.3	571.6	547.7
	Not stated	62.2	61.4	60.0	61.2
	<b>Total</b>	<b>644.6</b>	<b>662.6</b>	<b>683.3</b>	<b>663.5</b>
Intermediate area	Employees reporting earning National Minimum Wage or less	40.6	35.9	29.7	35.4
	Employees reporting earning more than National Minimum Wage	288.1	277.3	293.0	286.1
	Not stated	30.2	37.9	33.9	34.0
	<b>Total</b>	<b>358.8</b>	<b>351.1</b>	<b>356.6</b>	<b>355.5</b>
Thinly populated area	Employees reporting earning National Minimum Wage or less	75.2	66.8	53.1	65.0
	Employees reporting earning more than National Minimum Wage	527.8	552.3	558.9	546.3
	Not stated	62.5	65.5	62.2	63.4
	<b>Total</b>	<b>665.5</b>	<b>684.6</b>	<b>674.2</b>	<b>674.8</b>
<b>All employees</b>	Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5	155.1
	Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5	1,380.2
	Not stated	154.8	164.8	156.1	158.6
	<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>

**Table 15b Share and proportion of employees aged 15 years and over classified by degree of urbanization and National Minimum Wage earnings status**

Degree of urbanization/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
<b>Share of employees reporting earning National Minimum Wage or less by degree of urbanization</b>				
Densely populated area	33.1	34.8	38.4	35.2
Intermediate area	23.4	22.8	22.1	22.8
Thinly populated area	43.4	42.4	39.5	41.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share of total employees by degree of urbanisation<sup>1</sup></b>				
Densely populated area	38.5	39.2	40.0	39.2
Intermediate area	21.7	20.4	20.7	20.9
Thinly populated area	39.8	40.4	39.3	39.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Proportion of employees reporting earning National Minimum Wage or less within each degree of urbanization category<sup>1</sup></b>				
Densely populated area	9.8	9.1	8.3	9.1
Intermediate area	12.4	11.5	9.2	11.0
Thinly populated area	12.5	10.8	8.7	10.6
				<b>Total</b>

<sup>1</sup>

Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

Table 16a Employees aged 15 years and over classified by household composition and National Minimum Wage earnings status

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Household composition/ National Minimum Wage status		Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
<b>Employees classified by household composition and National Minimum Wage status</b>					
1 person aged 65+, no persons under 18	Employees reporting earning National Minimum Wage or less	*	*	*	*
	Employees reporting earning more than National Minimum Wage	[3.8]	[4.0]	[4.1]	[4.0]
	Not stated	*	*	*	*
	<b>Total</b>	<b>5.0</b>	<b>5.2</b>	<b>5.6</b>	<b>5.3</b>
1 person aged <65, no persons under 18	Employees reporting earning National Minimum Wage or less	7.7	7.0	6.4	7.0
	Employees reporting earning more than National Minimum Wage	99.4	102.3	99.8	100.5
	Not stated	8.6	9.2	7.2	8.3
	<b>Total</b>	<b>115.7</b>	<b>118.5</b>	<b>113.4</b>	<b>115.9</b>
2 persons (at least 1 aged 65+), no persons under 18	Employees reporting earning National Minimum Wage or less	[3.5]	[3.2]	[3.2]	[3.3]
	Employees reporting earning more than National Minimum Wage				
2 persons (both aged 18 or older), 1-3 persons under 18	Not stated				
	<b>Total</b>				
2 persons (both aged <65), no persons under 18	Employees reporting earning National Minimum Wage or less	26.5	23.2	16.4	22.0
	Employees reporting earning more than National Minimum Wage	269.4	278.9	281.1	276.5
	Not stated	24.4	26.3	26.8	25.8
	<b>Total</b>	<b>320.3</b>	<b>328.4</b>	<b>324.3</b>	<b>324.3</b>
3 or more persons (all aged 18 or older), no persons under 18	Employees reporting earning National Minimum Wage or less	54.1	48.3	39.7	47.4
	Employees reporting earning more than National Minimum Wage	278.5	278.7	295.8	284.3
	Not stated	58.8	57.8	52.6	56.4
	<b>Total</b>	<b>391.4</b>	<b>384.8</b>	<b>388.1</b>	<b>388.1</b>
1 person (aged 18 or older), 1 or more persons aged under 18	Employees reporting earning National Minimum Wage or less	7.1	6.1	[5.1]	6.1
	Employees reporting earning more than National Minimum Wage	33.8	34.3	33.7	33.9
	Employees reporting earning National Minimum Wage or less	35.4	30.3	29.4	31.7
	Employees reporting earning more than National Minimum Wage	457.9	466.2	485.4	469.8
Not stated	28.3	35.4	29.2	31.0	
<b>Total</b>	<b>521.7</b>	<b>531.9</b>	<b>543.9</b>	<b>532.5</b>	
Other households with persons aged under 18	Employees reporting earning National Minimum Wage or less	38.3	38.7	33.6	36.9
	Employees reporting earning more than National Minimum Wage	170.1	183.7	189.8	181.2
	Not stated	28.2	27.6	31.6	29.1
	<b>Total</b>	<b>236.5</b>	<b>250.0</b>	<b>255.0</b>	<b>247.2</b>
<b>All employees</b>	Employees reporting earning National Minimum Wage or less	173.2	157.6	134.5	155.1
	Employees reporting earning more than National Minimum Wage	1,341.0	1,376.0	1,423.5	1,380.2
	Not stated	154.8	164.8	156.1	158.6
	<b>Total</b>	<b>1,669.0</b>	<b>1,698.3</b>	<b>1,714.1</b>	<b>1,693.8</b>

## e 16b Share and proportion of employees aged 15 years and over classified by household composition and National Minimum Wage earnings status

Household composition/National Minimum Wage status	Q2 16	Q3 16	Q4 16	Average Q2 to Q4 16
<b>Share of employees reporting earning National Minimum Wage or less by household composition</b>				
1 person aged 65+, no persons under 18	*	*	*	*
1 person aged <65, no persons under 18	4.4	4.4	4.8	4.5
2 persons (at least 1 aged 65+), no persons under 18	[2.0]	[2.0]	[2.4]	[2.1]
2 persons (both aged <65), no persons under 18	15.3	14.7	12.2	14.2
3 or more persons (all aged 18 or older), no persons under 18	31.2	30.6	29.5	30.5
1 person (aged 18 or older), 1 or more persons aged under 18	4.1	3.9	[3.8]	3.9
2 persons (both aged 18 or older), 1-3 persons under 18	20.4	19.2	21.9	20.4
Other households with persons aged under 18	22.1	24.6	25.0	23.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share of total employees by household composition<sup>1</sup></b>				
1 person aged 65+, no persons under 18	[0.3]	[0.3]	0.3	[0.3]
1 person aged <65, no persons under 18	7.1	7.1	6.8	7.0
2 persons (at least 1 aged 65+), no persons under 18	2.1	2.0	2.4	2.2
2 persons (both aged <65), no persons under 18	19.5	19.7	19.1	19.4
3 or more persons (all aged 18 or older), no persons under 18	22.0	21.3	21.5	21.6
1 person (aged 18 or older), 1 or more persons aged under 18	2.7	2.6	2.5	2.6
2 persons (both aged 18 or older), 1-3 persons under 18	32.6	32.4	33.0	32.7
Other households with persons aged under 18	13.8	14.5	14.3	14.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Proportion of employees reporting earning National Minimum Wage or less within each household composition category<sup>1</sup></b>				
1 person aged 65+, no persons under 18	*	*	*	*
1 person aged <65, no persons under 18	7.2	6.4	6.0	6.5
2 persons (at least 1 aged 65+), no persons under 18	[11.1]	[10.3]	[8.6]	[9.9]
2 persons (both aged <65), no persons under 18	9.0	7.7	5.5	7.4
3 or more persons (all aged 18 or older), no persons under 18	16.3	14.8	11.8	14.3
1 person (aged 18 or older), 1 or more persons aged under 18	17.4	15.1	[13.1]	15.2
2 persons (both aged 18 or older), 1-3 persons under 18	7.2	6.1	5.7	6.3
Other households with persons aged under 18	18.4	17.4	15.0	16.9
<b>Total</b>	<b>11.4</b>	<b>10.3</b>	<b>8.6</b>	<b>10.1</b>

†

Note: Denominator excludes employees whose National Minimum Wage status was *Not stated*

# Background Notes

## Purpose of Survey

The Quarterly National Household Survey (QNHS) began in September 1997, replacing the annual April Labour Force Survey (LFS). The purpose of the survey is the production of quarterly labour force estimates and occasional reports on special social topics. The survey meets the requirements of Council Regulation (EC) No. 577/98, adopted in March 1998, which requires the introduction of quarterly labour force surveys in EU member states.

## Reference Period

Information is collected continuously throughout the year from households surveyed each week in each quarter. Up to and including the fourth quarter of 2008, the Quarterly National Household Survey (QNHS) operated on a seasonal quarter basis since its establishment in Q4 1997. As of the first quarter of 2009 the QNHS is now undertaken on a calendar quarter basis. The reference quarters for survey results are: Q1 – January to March, Q2 – April to June, Q3 – July to September and Q4 – October to December.

## Data Collection

Information is collected on tablet computers, using computer-assisted personal interview (CAPI) software.

## Sample Design

A two-stage sample design is used. A new sample was introduced in Q4 2012 following the 2011 Census of Population and an additional new sample also based on the 2011 Census of Population will be introduced incrementally from Q3 2016. The sample frame of households is clustered into blocks (small areas) with each block containing a minimum of 60 occupied households on the night of the 2011 Census of Population. In the case of the sample introduced in 2012 the sample frame is stratified using administrative county and population density while the sample introduced in 2016 is stratified using administrative county and the Pobal HP (Haase and Pratschke) Deprivation Index. In the first stage 1,300 blocks are selected using Probability Proportional to Size (PPS) sampling and in the second stage 20 households are selected using Simple Random Sampling (SRS). This ensures that each household in the sample frame has an equal probability of selection and results in a total quarterly sample of 26,000 households. The actual achieved sample varies over time depending on the level of response.

The number of valid responding households was 16,420 in Q2 2016, 15,632 in Q3 2016 and 15,808 in Q4 2016.

Households are asked to take part in the survey for five consecutive quarters and are then replaced by other households in the same block. Thus, one fifth of the households in the survey are replaced each quarter and the QNHS sample involves an overlap of 80% between consecutive quarters and 20% between the same quarter in consecutive years. As the new sample based on the 2011 Census of Population was introduced incrementally across each quarter from Q4 2012 to Q4 2013, the new sample is fully effective from Q4 2013.

The survey results are weighted to agree with population estimates broken down by age, sex and region and are also calibrated to nationality control totals. The population estimates for April of each year are published in a separate release.

### **Usual residence and de facto population concepts**

Up to and including Q1 2006 the annual population estimates were calculated using the de facto definition of population (i.e. all persons present in the state). Since Q2 2006 a new concept of usual residence has been used, i.e. all persons usually resident and present in the state plus absent persons who are usually resident in Ireland but are temporarily away.

The primary classification used for the QNHS results is the ILO (International Labour Office) labour force classification.

Labour Force Survey data on this basis have been published since 1988. The ILO classification distinguishes the following main subgroups of the population aged 15 or over:

**In Employment:** Persons who worked in the week before the survey for one hour or more for payment or profit, including work on the family farm or business and all persons who had a job but were not at work because of illness, holidays etc. in the week.

**Unemployed:** Persons who, in the week before the survey, were without work and available for work within the next two weeks, and had taken specific steps, in the preceding four weeks, to find work. It should be noted that as per Eurostat's operational implementation, the upper age limit for classifying a person as unemployed is 74 years.

**Inactive Population (not in labour force):** All other persons.  
The labour force comprises persons employed plus unemployed.

### **Employment Status**

Those persons classified as being in employment according to the ILO criteria above are then classified in terms of their employment status. The relevant employment status used in this release is those persons who were classified as being In Employment and whose employment status was classified as Employee.

### **QNHS questions on the NMW**

Questions on the NMW were introduced to the QNHS in Q2 2016 and included the following:  
*The National Minimum Wage is €9.15 per hour. Are your gross hourly earnings excluding bonuses, overtime and allowances:*

1. *Less than €9.15 per hour*
2. *Exactly €9.15 per hour*
3. *More than €9.15 per hour*

*Do you earn less than €9.15 per hour because you are on: A special training rate*

1. *An age-related rate*
2. *A first job over 18 rate*
3. *Other reason*

An additional question asking those who answered 'Other reason' to the above question was also included. This question was piloted to work towards identifying any patterns for choosing this 'Other reason' but no such pattern was identified.

The QNHS is not designed to be an earnings survey and therefore the NMW data in this release is based on each respondent self-reporting their income. As a result some caution is urged in the interpretation of this data. In addition, as the data presented in the release is collected directed



from individual respondents, caution is urged in comparing these results to data collected directly from business enterprises.

In addition, as a number of respondents did not report their status with regard to the NMW, these respondents are identified as 'Not stated' in the relevant data tables and are excluded from the denominator in calculating the share or proportion of all respondents on the NMW.

### **Reliability of Estimates Presented**

Estimates for number of persons where there are less than 30 persons in a cell are too small to be considered reliable.

These estimates are presented with an asterisk (\*) in the relevant tables.

Where there are 30-49 persons in a cell, estimates are considered to have a wider margin of error and should be treated with caution. These cells are presented with parentheses [ ].

### **Implications of Census 2016 Final Results**

The QNHS results are weighted using population estimates which are generated on an ongoing basis. Historically every 5 years the Census of Population results have been used to revise these population estimates, and QNHS results are revised as a consequence.

The population concept of usual residence is used for the QNHS, i.e. all persons usually resident and present in the State plus absent persons who are usually resident in Ireland but are temporarily away from home and outside the State.

The preliminary total for the population enumerated on Census Night 24<sup>th</sup> April 2016 relates to the de facto population, meaning the population recorded on the night of Sunday, 24 April 2016, together with persons who arrived on the morning of Monday, 25 April 2016 not having been enumerated elsewhere. The figures, therefore, include visitors present on Census Night as well as those in residence, while usual residents temporarily absent from the area are excluded.

The final total for this de facto population enumerated on Census Night 24<sup>th</sup> April 2016, was 4,739,597 persons, while the existing estimate for the usually resident population for April 2016 is 4,673,700 as detailed in the 2016 Population and Migration Estimates release. There is a difference, therefore, of just under 65,900 between the two figures.

The CSO will be revising the annual population estimates for 2012 to 2016 based on the final Census count of the usually resident population. However, this work cannot commence until the final Census results are available due to the fact that the generation of alternative population estimates requires detailed demographic information such as the number of usually resident persons broken down by nationality, age group and gender. The final Census count was published on 6 April 2017.

The extent of these revisions on labour market indicators will ultimately depend on how the difference between the final Census usually resident count and the existing population estimate is distributed across age groups, regions, time etc. Estimates of persons employed and unemployed will increase in line with the higher population totals. However, in terms of trends the impacts would be expected to be relatively low as the population difference is introduced incrementally over the period. In the case of rates (unemployment rate, employment rate and participation rate) these are likely to have the lowest level of difference as the population increase would be reflected both in the denominator and the numerator. In the case of the unemployment rate for example, changes in both the numbers unemployed and the numbers in the labour force could leave unemployment rates relatively unchanged.

Once the revision work has been completed the CSO will issue an explanatory note on the subject along with the revised labour market estimates.

# Analysis of Low Income Taxpayers and Employer Profitability: Evidence from Tax Records

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## Executive Summary

This paper examines the incomes and mobility of taxpayers and the profitability of employers in Ireland using Revenue's tax record data.

The analysis has a special focus on low income taxpayers to support the work of the Low Pay Commission. The purpose of the research is to make the best use of Revenue's data and to improve the evidence-base for policy making.

The distributional and mobility analysis of low income taxpayers is based on a longitudinal dataset, which follows approximately 100,000 taxpayers for 4 years from 2011 to 2014. These taxpayers are stratified random sample drawn from the entire population of 2.1 million tax units on Revenue records. While analysis of incomes in Ireland and internationally is often based on a snapshot at a moment in time, the longitudinal nature of this dataset allows measurement of income mobility over time.

Some of the key findings are as follows:

- ❑ One in three taxpayers are low paid, defined as those earning below two-thirds of median income.
- ❑ The highest proportions of low paid taxpayers are in the wholesale & retail trade (23 per cent) and accommodation & food (19 per cent) sectors.
- ❑ Five low pay sectors are identified, having median incomes that are substantially below the median income for all sectors. They include accommodation & food service activities, wholesale & retail trade and administrative & support service activities.
- ❑ Slightly over one third of employments are in low pay sectors.
- ❑ Low pay sectors have the highest proportions of the youngest taxpayers. Two in five taxpayers are aged 24 and under in the accommodation & food sector.
- ❑ In the low pay sectors, males earn slightly more than females while in the other sectors females earn more. The sectors with the highest ratio of males to females are construction, transport and agriculture (7.5, 2.9 and 2.8 times respectively).
- ❑ In Dublin, median incomes in low pay sectors incomes are 7 per cent higher than those outside Dublin (compared to 9 per cent higher in the other sectors).

Based on an analysis of income mobility, lower paid taxpayers working in low paid sectors have a higher chance of increasing their incomes in future years relative to others within the same sector. For example, in the accommodation & food sector almost half moved upwards from the bottom quintile between 2013 and 2014.

## 1 Data

The analysis in this paper is based on Revenue's Income and Corporation Tax records. Revenue's administrative Income Tax records cover the entire population of 2.1 million tax units.<sup>11,12</sup> A unique panel dataset is drawn from these data using a stratified random sample. The data follow over 100,000 taxpayers over the 4-year period from 2011 to 2014. The dataset is compiled using PAYE tax return information filed by employers on behalf of employees (Form P35).<sup>13</sup>

The profile of low pay taxpayers and the distributional analysis in Sections 2 and 3 restricts the sample to taxpayers of working age (15 to 64) leaving approximately 77,000 taxpayers each year. The mobility analysis in Section 5 restricts the sample to taxpayers aged 25 to 64 leaving approximately 63,000 taxpayers each year. This follows common practice in the mobility literature which removes changes in income that are attributable to the transition from school to work.

The unit of analysis are tax units rather than taxpayers. The difference arises in the case of married couples who elect for joint assessment. These cases represent two taxpayers and either one or two incomes but only one tax unit. Tax units are categorised under six personal statuses as follows: single male, single female, married two-earners, married one-earners, widower and widow. For simplicity, the word taxpayer is used to refer to tax unit hereafter.

On sector of employment, the sector relates to the sector of the employer and not the activity of the specific employee. Each taxpayer is associated with one sector in each year. Taxpayers may have multiple occupations or businesses but this is not accounted for in this analysis. The region of employment relates to the region of the taxpayer's residence, not the region in which the employer is registered with Revenue.<sup>14</sup>

The analysis of profits in this paper is based on Revenue's corporate and self-assessed tax records in 2013 and 2014. All companies tax resident in the state are obliged to return a Corporation Tax return (Form CT1) and all self-assessed businesses (registered for Income Tax) are obliged to file their trading incomes each year (Form 11).<sup>15</sup>

Gross income is defined as income before adjustments (capital allowances, interest paid, losses, allowable expenses, retirement annuities, etc.) but after deduction of superannuation contributions by employees.

From an analysis perspective, there are both advantages and disadvantages to using tax records as opposed to more widely used survey data. Three advantages are as follows. First, coverage of the full taxpayer population allows specific analysis of sub-groups while retaining sufficient sample size. Second, because it is an offense to submit a false tax

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<sup>11</sup> The same population data are also used to produce Revenue's income distributions statistics, [http://www.cso.ie/px/pxeirestat/psn/rv01/homepagefiles/rv01\\_statbank.asp](http://www.cso.ie/px/pxeirestat/psn/rv01/homepagefiles/rv01_statbank.asp).

<sup>12</sup> For clarity, it should be noted also that the Revenue data include those in employment but not in the tax net.

<sup>13</sup> In this analysis, tax units are considered a PAYE employee if their PAYE income is greater than their self-assessed income (as filed on Form 11). Thus, earnings arising from self-assessed sources may be included in a tax unit's gross income if their self-assessed income is less than their PAYE income.

<sup>14</sup> A small number of taxpayers with Revenue's Large Cases Division are excluded from the analysis.

<sup>15</sup> Including company directors who own more than 15% of an active trading company.

return, incomes are largely free from measurement error such as misreported incomes or response bias. Third, given the statutory requirement to file tax returns problems associated with non-response and attrition are largely absent from the data. Jenkins (2011) notes that tax records are often 'used as a validation gold standard against which to assess measurement error in survey-based income data'.

There are also disadvantages. First, the data are confined to those who complete tax returns and does not cover those entirely reliant on untaxed social benefits or undeclared income. Further, the data do not distinguish between full and part-time taxpayers. Second, tax data are collected for the purposes of the calculating tax liabilities. Unlike survey data, tax record data have limited demographic information, such as educational attainment. Third, while the tax records are based on the gross incomes of tax units, survey data are typically based on an equivalisation of the disposable incomes of households.<sup>16</sup> Tax records also represent the taxpaying population while survey data attempts to represent the entire population.

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<sup>16</sup> Equivalisation usually involves summing up all income in a tax-unit/household, and dividing it by some equivalence scale to take account of the total needs of the members of the unit.

## 2 Profile of Low Paid Taxpayers

This section profiles low paid taxpayers. It is worth reemphasising that the results are based on the taxpaying population rather than the total population.<sup>17</sup>

Low paid taxpayers are defined as those earning below €17,642, which is two thirds of the median annual gross income (PAYE) on the tax records data.<sup>18</sup> One in three taxpayers (34 per cent) earn below this amount.

Table 1 compares the characteristics of low paid taxpayers to all other taxpayers. A much higher proportion of low paid taxpayers are aged 15 to 24. Over 40 per cent of low paid taxpayers are aged 15 to 24, compared to 5 per cent for other taxpayers. There is a slightly higher proportion of low paid taxpayers in the Border Midlands West region and a slightly lower proportion in Dublin compared to other taxpayers.

Single male and female taxpayers are more likely to earn less than €17,642, whereas joint-assessed taxpayers are more likely to earn higher amounts. There is little difference between the proportion of single male and female taxpayers who are low paid.<sup>19</sup> The highest proportions of low paid taxpayers are in the wholesale & retail trade (23 per cent), accommodation & food (19 per cent) and administration (8 per cent) sectors.

**Table 32: Profile of Low Paid Taxpayers, 2014**

	% Low Paid Taxpayers	% Other Taxpayers	Number of Observations
<b>All Employments</b>	<b>100%</b>	<b>100%</b>	<b>79,478</b>
<b>Age</b>			
15 – 24	42.1%	4.8%	13,896
25 – 34	29.3%	32.2%	24,804
35 – 44	13.5%	30.0%	19,356
45 – 54	8.7%	19.2%	12,408
55 – 64	6.5%	13.8%	9,014
<b>Revenue Region</b>			
Dublin	31.2%	33.5%	25,983
Border Midlands West	24.5%	21.9%	18,094
East South East	24.0%	24.6%	19,374
South West	20.3%	20.0%	16,002
<b>Tax Status</b>			
Single Male	44.3%	26.8%	26,036
Single Female	44.0%	27.5%	26,320
Married Two Earners	2.7%	27.8%	15,293
Married One Earner	8.3%	16.7%	10,982
Widow / Widower	0.6%	1.3%	834

<sup>17</sup> Throughout this paper, the term taxpayer is used to include those in employment but not paying tax or USC.

<sup>18</sup> The Eurostat definition of low pay is two-thirds of the median hourly earnings. This paper applies the same proportion to annual incomes. That is,  $€26,463 \times 2/3 = €17,642$ . Median income for all sectors is presented in Table 34. The threshold for low pay used here also corresponds approximately to the annual income received from earning the €8.65 minimum wage in 2014 and working 39 hours per week for 52 weeks.

<sup>19</sup> Male and female taxpayers are only identified on the tax records if they are not joint-assessed. Taxpayers who are not joint-assessed are more likely to be in younger age cohorts.



**Table 33 (continued): Profile of Low Paid Taxpayers, 2014**

<b>Sector of Employment (NACE)</b>	<b>% Low Paid Taxpayers</b>	<b>% Other Taxpayers</b>	<b>Number of Observations</b>
Accommodation & food services (I)	18.5%	4.6%	7,414
Other service activities (S)	4.6%	2.2%	2,411
Arts, entertainment & recreation I	2.6%	1.4%	1,445
Wholesale & retail trade (G)	22.7%	14.0%	13,505
Administrative & support services (N)	8.2%	5.0%	4,853
Agriculture, forestry & fishing (A)	3.3%	2.9%	2,395
Construction (F)	5.0%	4.6%	3,749
Human health & social work (Q)	7.3%	9.3%	6,872
Professional, scientific & technical (M)	4.0%	5.8%	4,130
Transportation & storage (H)	2.3%	4.4%	2,913
Industry (B-E)	6.0%	11.5%	7,621
Information & communication (J)	3.0%	4.7%	3,296
Education (P)	4.5%	6.1%	4,416
Public administration & defence (O)	2.8%	8.6%	5,290
Financial, insurance & real estate (K, L)	3.8%	11.4%	7,018

Source: Revenue analysis. Note: Observations for region, tax status and sector do not sum exactly to total. Revenue's Large Cases Division cases (which is categorised as a region) is excluded. There are a small number of missing values for region. NACE sectors T and U are excluded.

## 3 Income Distributions by Sector

### 3.1 Introduction

This section examines income distributions by sector and for various PAYE taxpayer types. A special focus is given to the low pay sectors, which are highlighted in the tables throughout the section.

### 3.2 Identifying Low Pay Sectors

Low pay sectors, for the purposes of this analysis, are identified as the sectors that have median incomes substantially below the median income for all sectors. On this basis, there are five low paid sectors as follows:

6. Accommodation & food service activities (I)
7. Other service activities (S)<sup>20</sup>
8. Arts, entertainment & recreation I<sup>21</sup>
9. Wholesale & retail trade; repair of motor vehicles and motorcycles (G)
10. Administrative & support service activities (N)<sup>22</sup>

### 3.3 Sectoral Income Distribution

Table 34 presents the distribution of gross income for the working age population (aged 15 to 64) in 2014 by sector of employment.<sup>23</sup> Mean and median incomes, in addition to changes in the median from 2013, are shown in the first three columns. The fourth column shows the share of taxpayers in each sector who earn less than €17,642 (low paid taxpayers). To illustrate the relative size of each sector, the share of all taxpayers working in each sector is shown in the final column.

Overall, mean income is €36,126 in 2014 while median income is €26,463.<sup>24</sup> The difference arises because incomes on the tax records are right-skewed, that is, a relatively small number of very large incomes more heavily influence the calculation of the mean. Consequently, the median offers a better measure of central tendency or the “typical” taxpayer. For this reason, the median is used as the preferred measure for the remainder of this paper and tables are sorted by median income in each sector.

Taken together, one in three taxpayers (36 per cent) work in low pay sectors. The largest low paid sector is wholesale & retail trade (16 per cent) followed by accommodation &

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<sup>20</sup> Examples of activities in the other services sector are religious / business membership organizations and repair of computers / household goods.

<sup>21</sup> Examples of activities include creative arts, libraries, museums, betting, sports clubs and gyms.

<sup>22</sup> Examples of activities include leasing, recruitment, call centres, cleaning and security.

<sup>23</sup> Sectors T (Activities of households as employers) and U (Activities of extraterritorial organisation & bodies) are not presented as employment in these sectors are not enterprise based. However, these sectors are included in the aggregated sectoral calculations.

<sup>24</sup> Compared to income data from the CSO's survey of Earnings, Hours and Employment Costs (EHEC), overall trends in incomes and proportions across sectors are broadly similar. In 2014 for example, average PAYE earnings are €36,126 on the tax records compared to €36,090 in the EHEC data.

food (9 per cent). The wholesale & retail sector is the largest sector of employment reported on the tax records while the other services and arts, entertainment & recreation represent the smallest sectors (3 and 2 per cent respectively).

Measured in nominal terms, median incomes grew by 0.2 per cent in the low paid sectors since 2013. For all other sectors, median incomes fell 0.5 per cent. Median incomes fell by 2 per cent in the accommodation & food sector and increased by 1.4 per cent in the wholesale & retail sector.

One third (34 per cent) earn below the low income threshold used in this paper (€17,642 or two-thirds of median income). For instance, 68 per cent of taxpayers in the accommodation & food sector earn below this threshold while only 15 per cent of taxpayers in the financial, insurance & real estate sector earn below this amount.

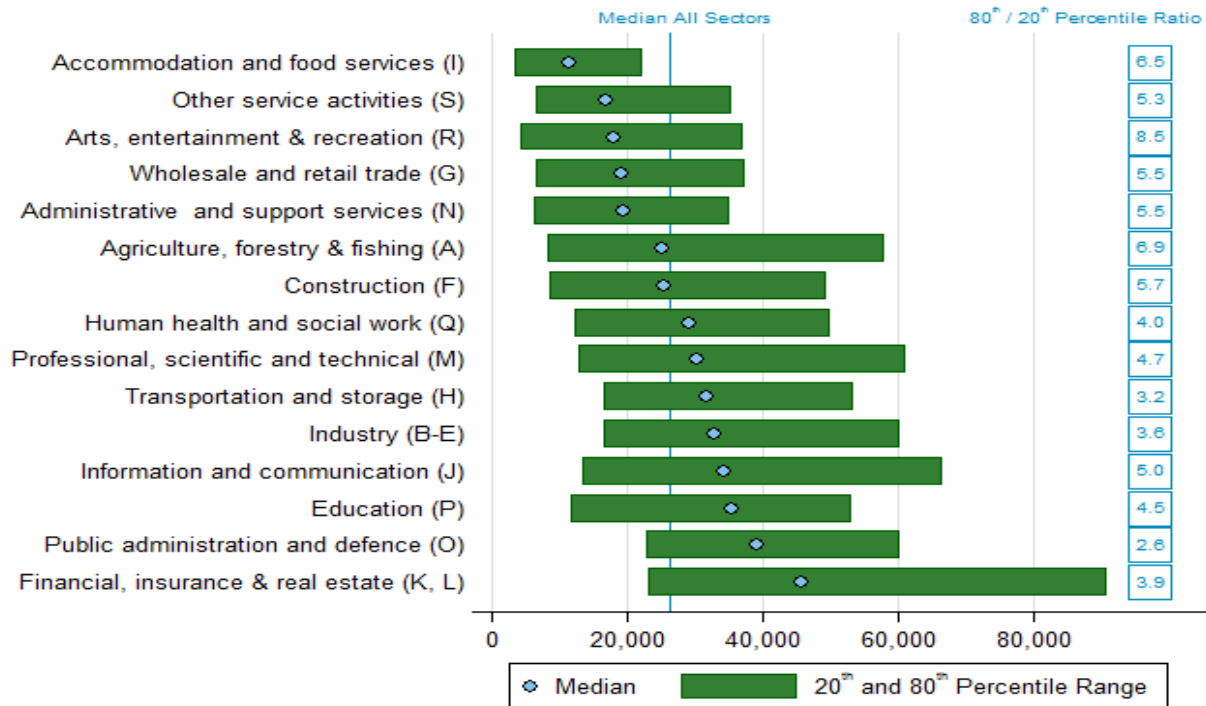
**Table 34: Income Distribution by Sector, 2014**

Sector (NACE code)	€ Mean Income	€ Median Income	% Change on 2013	% Earning <€17,642	Share
<b>All Sectors</b>	<b>36,126</b>	<b>26,463</b>	<b>0.3%</b>	<b>34%</b>	<b>100%<sup>1</sup></b>
<b>Low Pay Sectors</b>	<b>23,173</b>	<b>16,938</b>	<b>0.2%</b>	<b>-</b>	<b>36%</b>
<b>Other Sectors</b>	<b>42,390</b>	<b>33,732</b>	<b>-0.5%</b>	<b>-</b>	<b>61%</b>
Accommodation & food services (I)	15,169	11,476	-2.0%	68%	9%
Other service activities (S)	23,340	16,955	-3.7%	52%	3%
Arts, entertainment & recreation I	29,629	18,065	2.4%	49%	2%
Wholesale & retail trade (G)	25,857	19,231	1.4%	46%	16%
Administrative & support services (N)	25,923	19,401	3.8%	46%	6%
Agriculture, forestry & fishing (A)	35,637	25,328	-3.7%	37%	4%
Construction (F)	31,610	25,583	3.3%	36%	5%
Human health & social work (Q)	35,713	29,058	-1.4%	29%	8%
Professional, scientific & technical (M)	42,459	30,324	4.1%	26%	6%
Transportation & storage (H)	37,057	31,623	-2.1%	21%	4%
Industry (B-E)	40,080	32,880	-0.5%	21%	9%
Information & communication (J)	44,260	34,469	0.2%	25%	4%
Education (P)	36,970	35,561	-2.6%	27%	5%
Public administration & defence (O)	42,809	39,079	-1.6%	15%	6%
Financial, insurance & real estate (K, L)	63,887	45,612	3.8%	15%	9%

Source: Revenue analysis. Note 1: NACE sectors T and U account for a 3% share but are not presented.

Figure 14 shows median sectoral incomes together with the range of sectoral incomes at the 20<sup>th</sup> and 80<sup>th</sup> percentiles. The ratio of the 80<sup>th</sup> percentile to the 20<sup>th</sup> percentile is also shown for each sector. The range of income at the 20<sup>th</sup> and 80<sup>th</sup> percentiles is generally larger for sectors with larger median incomes, with the exception of the education and public administration sectors. The ratio of the 80<sup>th</sup> to 20<sup>th</sup> percentile is greatest for the arts, agriculture and accommodation sectors (8.5, 6.9 and 6.5 respectively).

**Figure 14: Income Distribution by Sector, 2014**



Source: Revenue analysis.

### 3.4 Sectoral Income by Taxpayer Type

Table 35 reports the sectoral median income for different types of taxpayer. Overall, single male and female taxpayers have similar median incomes. In the low pay sectors, males earn slightly more than females (€13,916 compared to €13,469) while in the other sectors females earn more (€27,450 compared to €24,441).

Males earn more than their female counterparts in the two largest low pay sectors (namely, accommodation & food and wholesale & retail). The reverse is true for the smaller low pay sectors. In the other sectors, females earn more than males in the human health, industry and education. Males earn more than females in the agricultural and information & communication sectors.

Overall, the ratio of males to females is the same. There are more females working in the low pay sectors (0.9 males to every female). The sectors with the highest concentration of male workers are the construction, transport and agriculture sectors, which have 7.5, 2.9 and 2.8 times as many males as females. The sectors with the highest concentration of females are the human health and education sectors where only 30 per cent and 40 per cent of employees are males.

Married taxpayers with one income earn more than those unmarried. In turn, married taxpayers with two earners earn more than their single earning counterparts, reflecting dual incomes.

**Table 35: Median Sectoral Income by Taxpayer Type, 2014**

Sector (NACE code)	€ Male	€ Female	Ratio of Males to Females	€ Married One Earning	€ Married Two Earning
<b>All Sectors</b>	<b>19,372</b>	<b>19,422</b>	<b>1.0</b>	<b>33,861</b>	<b>61,182</b>
<b>Low Pay Sectors</b>	<b>13,916</b>	<b>13,469</b>	<b>0.9</b>	<b>24,960</b>	<b>47,095</b>
<b>Other Sectors</b>	<b>24,441</b>	<b>27,450</b>	<b>1.1</b>	<b>38,223</b>	<b>64,719</b>
Accommodation & food services (I)	10,369	9,274	0.9	18,938	36,988
Other service activities (S)	10,727	14,832	0.5	20,833	44,180
Arts, entertainment & recreation I	12,632	14,134	1.2	28,553	53,896
Wholesale & retail trade (G)	16,745	15,078	0.9	28,466	51,646
Administrative & support services (N)	15,888	16,523	1.2	24,028	44,668
Agriculture, forestry & fishing (A)	13,329	10,680	2.8	30,678	56,863
Construction (F)	17,137	16,614	7.5	28,195	51,555
Human health & social work (Q)	18,304	23,997	0.3	33,950	57,730
Professional, scientific & technical (M)	24,489	25,067	0.9	38,631	69,738
Transportation & storage (H)	23,903	22,838	2.9	32,039	52,765
Industry (B-E)	24,407	26,762	2.2	39,167	62,838
Information & communication (J)	28,742	26,850	1.4	50,131	81,803
Education (P)	22,074	31,564	0.4	41,026	70,079
Public administration & defence (O)	32,969	32,171	0.9	38,189	66,712
Financial, insurance & real estate (K, L)	33,000	32,941	0.8	53,481	82,570

Source: Revenue analysis.

### 3.5 Sectoral Income by Region

Table 36 shows the median sectoral income for Dublin and outside Dublin, while Table 37 shows the same for the four Revenue administrative regions: Dublin, Border Midlands West (BMW), East South East (ESE) and South West (SW).

Median incomes are higher in Dublin for most sectors compared to outside of Dublin. Overall, median incomes are 6 per cent higher in Dublin. In the low pay sectors incomes are 7 per cent higher in Dublin compared to 9 per cent higher in the other sectors. Median income in the arts, entertainment & recreation sector is 45 per cent higher in Dublin while incomes in accommodation & food is 18 per cent higher in Dublin. A notable exception to this trend is the education sector where those in Dublin earn 12 per cent less than outside of Dublin. Incomes in the administrative sector are marginally higher outside of Dublin.

**Table 36: Median Sectoral Income Dublin and Outside Dublin, 2014**

Sector (NACE code)	€ Dublin	€ Outside Dublin	% Difference
<b>All Sectors</b>	<b>27,476</b>	<b>25,936</b>	<b>6%</b>
<b>Low Pay Sectors</b>	<b>17,681</b>	<b>16,567</b>	<b>7%</b>
<b>Other Sectors</b>	<b>35,843</b>	<b>32,902</b>	<b>9%</b>
Accommodation & food services (I)	12,838	10,900	18%
Other service activities (S)	17,236	16,809	3%
Arts, entertainment & recreation I	22,129	15,307	45%
Wholesale & retail trade (G)	19,730	18,973	4%
Administrative & support services (N)	19,353	19,422	-0.4%
Agriculture, forestry & fishing (A)	-	26,046	-
Construction (F)	27,052	25,319	7%
Human health & social work (Q)	31,589	28,023	13%
Professional, scientific & technical (M)	32,000	29,265	9%
Transportation & storage (H)	33,698	30,494	11%
Industry (B-E)	34,924	32,493	7%
Information & communication (J)	38,095	31,724	20%
Education (P)	32,284	36,481	-12%
Public administration & defence (O)	40,791	38,616	6%
Financial, insurance & real estate (K, L)	46,838	44,578	5%

Source: Revenue analysis. Note: Median income for the agriculture, forestry &amp; fishing (A) sector is omitted for Dublin due to small sample size.

The BMW region has the lowest median income across nearly all sectors examined. A noticeable exception is the agriculture, forestry & fishing sector where employees in the BMW region earn more than in the other regions.<sup>25</sup>

**Table 37: Median Sectoral Income by Region, 2014**

Sector (NACE code)	€	€	€	€
	Dublin	BMW	ESE	SW
<b>All Sectors</b>	<b>27,476</b>	<b>24,542</b>	<b>26,926</b>	<b>26,362</b>
<b>Low Pay Sectors</b>	<b>17,681</b>	<b>15,307</b>	<b>17,418</b>	<b>16,929</b>
<b>Other Sectors</b>	<b>35,843</b>	<b>31,496</b>	<b>33,257</b>	<b>34,380</b>
Accommodation & food services (I)	12,838	10,293	11,333	10,906
Other service activities (S)	17,236	14,664	18,249	17,178
Arts, entertainment & recreation I	22,129	12,038	15,864	16,989
Wholesale & retail trade (G)	19,730	18,000	19,729	19,398
Administrative & support services (N)	19,353	18,184	20,182	19,547
Agriculture, forestry & fishing (A)	-	30,385	21,346	26,052
Construction (F)	27,052	24,538	24,746	27,046
Human health & social work (Q)	31,589	27,861	28,653	26,929
Professional, scientific & technical (M)	32,000	26,705	30,276	30,833
Transportation & storage (H)	33,698	27,911	32,370	30,582
Industry (B-E)	34,924	29,717	32,931	36,075
Information & communication (J)	38,095	31,648	31,525	32,054
Education (P)	32,284	35,912	37,368	36,113
Public administration & defence (O)	40,791	37,022	40,031	38,738
Financial, insurance & real estate (K, L)	46,838	41,555	47,311	43,760

Source: Revenue analysis. Note: Median income for the agriculture, forestry & fishing (A) sector is omitted for Dublin due to small sample size.

### 3.6 Sectoral Income by Age

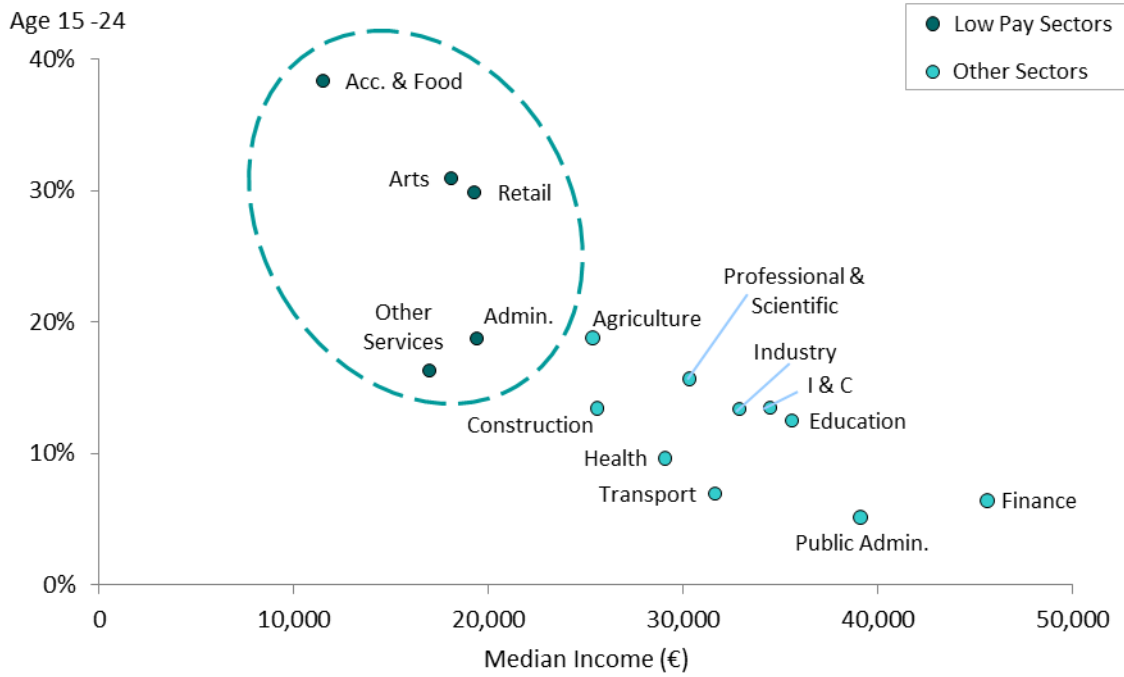
Low paid sectors have the highest proportions of the youngest taxpayers (aged 15 to 24).

<sup>25</sup> Note that self-assessed taxpayers are excluded from the analysis in order to focus on PAYE employees.

Figure 15 plots the share of taxpayers aged 15 to 24 working in each sector against the median income for that sector. Almost two in five (38 per cent) are aged 24 and under in the accommodation & food sector. The ratio is one in three in the arts and retail sectors (31 and 30 per cent respectively). By contrast, only around one in twenty are under the age of 25 in the transport, finance and public administration sectors (7, 6 and 5 percent respectively). Overall, the findings indicate that lower paid sectors are more likely to employ the youngest workers (aged under 25).

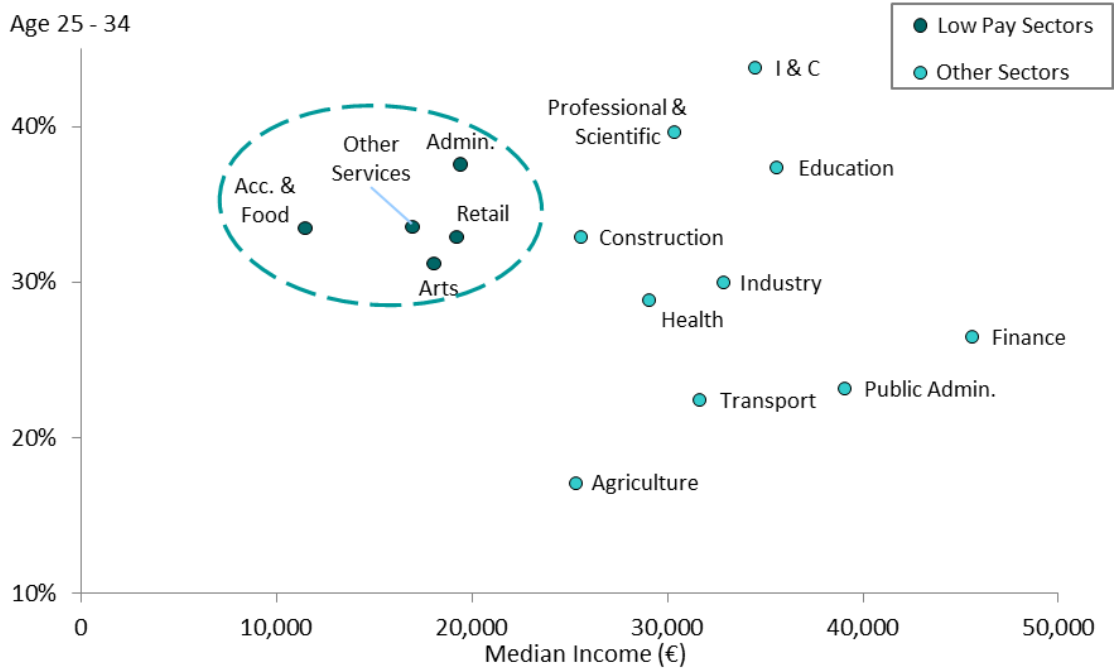
Figure 16 plots the same relationship using a slightly older group of young taxpayers (aged 25 to 34). For these cases, higher proportions of younger employees are no longer exclusive to the low paid sectors.

**Figure 15: Income and Age (15 to 24) by Sector, 2014**



Source: Revenue analysis. Note: I&C is information & communications.

**Figure 16: Income and Age (25 to 34) by Sector, 2014**



Source: Revenue analysis. Note: I&C is information & communications.



## 4 Employer Profitability

### 4.1 Introduction

This section examines profitability of employers by sector and size using Revenue's corporate and self-assessed tax records.

For the purpose of this analysis, employer size is defined as follows:

- ❑ Micro (1 – 10 employments);
- ❑ Small (11 – 50 employments); and
- ❑ Medium / Large (over 51 employments).

### 4.2 Profitability of Corporate Employers

Table 6 shows the number of profitable companies with employments and the share of employments by company size.<sup>26</sup> In 2014, 50,540 profitable companies returned employments associated with their company. The majority of companies with employments are micro (68 per cent) or small (24 per cent).

Low pay sectors generally have a smaller share of companies with less than 10 employees. This is especially evident for the accommodation & food and wholesale & retail sectors. For instance, only 34 per cent of companies in the accommodation & food sector have less than 10 employments.

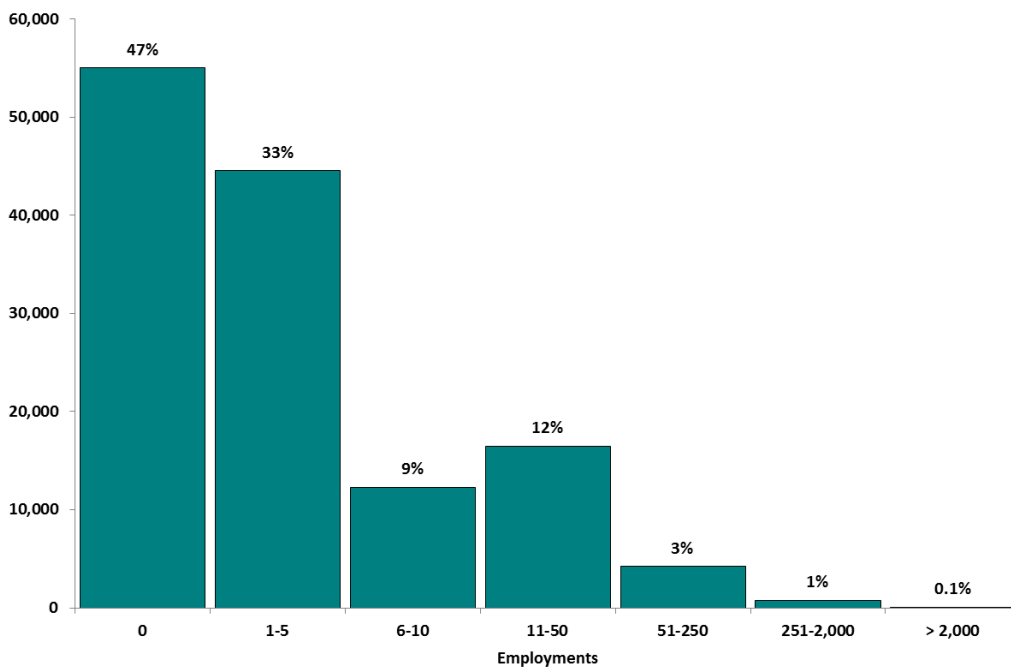
**Table 38: Employment Shares by Company Size, 2014**

Sector (NACE code)	Micro (1-10)	Small (11-50)	Medium / Large (>50)
<b>All Sectors</b>	<b>68%</b>	<b>24%</b>	<b>8%</b>
Accommodation & food services (I)	34%	45%	21%
Other service activities (S)	72%	24%	4%
Arts, entertainment & recreation I	64%	27%	9%
Administrative & support services (N)	66%	22%	13%
Wholesale & retail trade (G)	59%	33%	8%
Construction (F)	79%	17%	3%
Human health & social work (Q)	65%	19%	16%
Transportation & storage (H)	65%	28%	7%
Agriculture, forestry & fishing (A)	84%	13%	3%
Professional, scientific & technical (M)	86%	11%	3%
Industry (B-E)	59%	27%	14%
Information & communication (J)	79%	14%	6%
Education (P)	67%	23%	9%
Financial, insurance & real estate (K,L)	74%	18%	8%

Source: Revenue analysis. Note: Excludes public administration & defence (O), extra territorial bodies (U) and households as employers (T). Only companies making profits and with registered employees are included.

<sup>26</sup> Companies in a loss making position and those with no employments are excluded.

**Figure 17: Companies by Employment Numbers, 2014**



Source: Revenue analysis. Note: All companies included.

Table 39 presents the median profits for each sector by company size. Larger companies have greater profits. The sectors with the lowest profits across all company sizes are the other services, arts, entertainment & recreation and education. The largest profits are observed in the industry and financial & insurance sectors.

Within the low pay sectors, profits in the accommodation & food services sector are substantially below the median profits for all sectors for each company size. Companies in wholesale & retail trade have profits greater than the median for all sectors.

Table 8 shows the change in median sectoral profits by company size. For example, in the accommodation & food sector, median profits in micro companies rise by 2 per cent in 2014 but fall 12 per cent in median/large companies. Across all sectors, median profits increase by 9 per cent for micro and small companies, while falling 4 per cent for medium / large companies in 2014.

**Table 39: Median Sectoral Profits by Company Size, 2014**

Sector (NACE code)	€ Micro (1-10)	€ Small (11-50)	€ Medium/ Large (>50)
<b>All Sectors</b>	<b>18,606</b>	<b>226,089</b>	<b>2,741,373</b>
Accommodation & food services (I)	13,324	130,140	815,555
Other service activities (S)	11,954	61,560	860,701
Arts, entertainment & recreation I	13,871	165,005	2,509,061
Wholesale & retail trade (G)	23,857	258,787	3,992,975
Administrative & support services (N)	20,296	122,794	399,682
Agriculture, forestry & fishing (A)	71,821	195,301	807,627
Industry (B-E)	22,122	347,903	10,932,622
Construction (F)	15,780	267,465	2,775,221
Transportation & storage (H)	22,819	312,976	3,479,860
Information & communication (J)	11,004	559,985	4,237,548
Financial, insurance & real estate (K, L)	25,874	891,322	11,381,149
Professional, scientific & technical activities (M)	13,072	247,882	926,078
Education (P)	10,831	102,611	441,660
Human health & social work (Q)	28,879	149,904	1,101,337

Source: Revenue analysis. Note: Excludes public administration & defence (O), extra territorial bodies (U) and households as employers (T).

**Table 40: Change in Median Sectoral Profits by Company Size, 2014**

Sector (NACE code)	Change on 2013		
	Micro (1-10)	Small (11-50)	Medium/ Large (>50)
<b>All Sectors</b>	<b>9%</b>	<b>9%</b>	<b>-4%</b>
Accommodation & food services (I)	2%	0%	-12%
Other service activities (S)	3%	18%	0%
Arts, entertainment & recreation I	-6%	6%	6%
Wholesale & retail trade (G)	5%	4%	-6%
Administrative & support services (N)	8%	24%	2%
Education (P)	-8%	4%	11%
Industry (B-E)	-4%	6%	2%
Professional, scientific & technical (M)	5%	12%	1%
Transportation & storage (H)	1%	-7%	-1%
Financial, insurance & real estate (K, L)	10%	8%	-4%
Information & communication (J)	7%	-1%	-5%
Agriculture, forestry & fishing (A)	17%	9%	-7%
Human health & social work (Q)	24%	9%	-7%
Construction (F)	16%	17%	-18%

Source: Revenue analysis. Note: Excludes extra territorial bodies (U); households as employers (T); public administration & defence (O).

### 4.3 Loss Making Employers

The above analysis (Section 4.2) focuses on companies in a profit making position. However, significant shares of companies do not make profits in a given year (or use losses from earlier years to offset their profits). There are around 30,000 companies making losses in 2014 that are also employers.

Table 9 illustrates the median losses across company size (based as before on numbers of employments). Median losses are greatest for the medium / large sized companies. Median losses are greatest in the financial, insurance & real estate and agricultural, fishing & forestry sectors.

Within micro companies alone, median losses in the financial, insurance & real estate, wholesale & retail trade, construction and agriculture, fishing & forestry are above the median losses for micro companies across all sectoral categories.

**Table 41: Median Trading Losses by Sector, 2014**

Sector (NACE code)	Median Losses (€)		
	Micro (1-10)	Small (11-50)	Medium/Large (>50)
<b>All Sectors</b>	<b>11,281</b>	<b>44,194</b>	<b>215,935</b>
Accommodation & food services (I)	8,619	22,317	97,883
Other service activities (S)	6,709	16,894	215,090
Arts, entertainment, recreation I	8,860	54,477	208,007
Wholesale & retail trade (G)	14,112	42,616	287,333
Administrative/support services (N)	11,257	36,492	23,878
Education (P)	7,611	20,783	52,283
Human health & social work (Q)	5,741	21,699	77,175
Construction (F)	12,974	62,620	201,761
Professional, scientific, technical (M)	8,691	70,070	303,395
Industry (B-E)	14,001	82,091	761,500
Information & communication (J)	10,020	245,803	1,063,888
Transportation & storage (H)	9,975	40,965	1,116,809
Agriculture, forestry & fishing (A)	16,042	116,753	1,623,868
Finance, insurance, real estate (K, L)	18,304	140,699	1,857,428

Source: Revenue analysis. Note: Public administration & defence (O), households as employers (T) and extra territorial bodies (U) are excluded due to small number of cases.

## 4.4 Other Businesses

Thus far, profits and losses have been identified for incorporated enterprises. However, unincorporated businesses (self-assessment cases registered with Revenue for Income Tax) are also employers. All self-employed individuals are required to file a Form 11 which details their incomes and profitability.

Table 10 illustrates the share of adjusted net profit for 2014 from self-assessment cases by their number of employments.<sup>27</sup> This shows that approximately 28 per cent of profits are associated with micro companies and 3 per cent with small businesses. Overall, 69 per cent of the total self-assessed trading profitability is associated with non-employers (pure sole traders). Table 11 shows the median profits by sector.

**Table 42: Self-Assessment Profit Shares by Employment Size, 2014**

Sector (NACE code)	No Employments	Micro (1-10)	Small (11-50)	Medium/Large (>50)
<b>All Sectors</b>	<b>69%</b>	<b>28%</b>	<b>3%</b>	<b>0.4%</b>
Accommodation & food services (I)	41%	43%	13%	3.2%
Other service activities (S)	70%	29%	1%	0.2%
Arts, entertainment & recreation I	86%	12%	2%	0.4%
Wholesale & retail trade (G)	55%	37%	7%	1.0%
Administrative & support services (N)	72%	25%	3%	0.3%
Agriculture, forestry & fishing (A)	74%	25%	1%	0.0%
Professional, scientific, technical (M)	75%	24%	1%	0.1%
Human health & social work (Q)	48%	47%	4%	0.3%
Construction (F)	71%	27%	2%	0.1%
Transportation & storage (H)	75%	21%	3%	0.1%
Finance, insurance & real estate (K, L)	76%	20%	3%	0.6%
Households as employers (T)	82%	16%	2%	0.3%
Industry (B-E)	69%	29%	1%	0.1%
Information & communication (J)	91%	9%	0%	
Education (P)	72%	17%	2%	8.5%

Source: Revenue analysis. Note: Sectors including extra territorial bodies (U), households as employers (T) and public administration & defence (O) are excluded due to small number of cases.

<sup>27</sup> These profits do not include rental income.

**Table 43: Median Profits Self-Assessment Cases by Sector, 2014**

Sector (NACE code)	€ Micro (1-10)	€ Small (11-50)
All Sectors	25,003	45,183
Accommodation & food services (I)	16,057	31,802
Other service activities (S)	14,393	28,245
Arts, entertainment & recreation (I)	14,405	32,986
Wholesale & retail trade (G)	19,504	44,889
Administrative & support services (N)	22,931	35,561
Agriculture, forestry & fishing (A)	34,655	51,271
Construction (F)	23,500	47,587
Professional, scientific, technical (M)	44,034	115,772
Transportation & storage (H)	29,460	65,633
Human health & social work (Q)	83,892	122,761
Households as employers (T)	15,483	48,792
Finance, insurance, real estate (K, L)	21,930	36,110
Education (P)	14,695	39,519
Industry (B-E)	22,209	41,281
Information & communication (J)	23,748	*

Source: Revenue analysis. Note: \* Refers to cases not reported due to data sensitivity; Medium/Large category not shown due to small numbers of cases in many sectors. Sectors including extra territorial bodies (U), households as employers (T) and public administration & defence (O) are excluded due to small number of cases.

## 5 Income Mobility

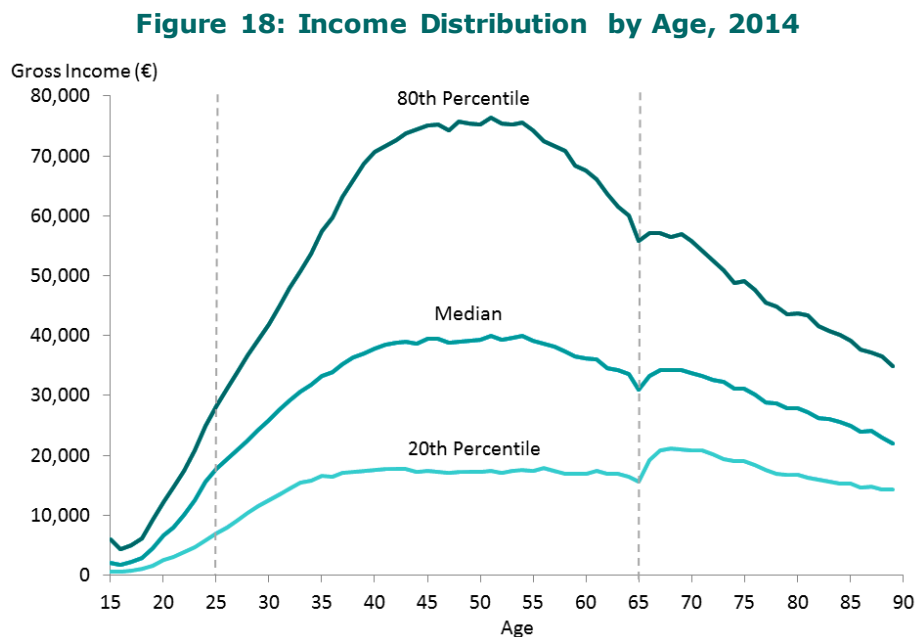
### 5.1 Introduction

This section aims to shed new light on the dynamic aspect of the income distribution: who moves up and down the income distribution over time? Analysis of mobility dynamics is important for policy-makers because low incomes may be viewed differently if there is mobility over time. This paper measures income mobility by examining the positional change of individuals in the income distribution over time (Jäntti and Jenkins, 2013). Specifically, the paper considers two approaches to measure mobility. First, taxpayers who remain at the bottom of the income distribution over time are analysed in Section 5.2. Second, income mobility is examined using transition matrices that track the positional change of taxpayers between two points in time in Section 5.3.

The income distribution is shown by taxpayer age in

Figure 9 Income Distribution by Age, 2014

in order to illustrate how incomes change over the life-cycle. Income growth is strongest among the youngest taxpayers while incomes typically peak for those between the ages of 40 and 55. Also apparent is that the rate of growth is larger for the higher percentiles.



Source: Revenue analysis. Note: This figure uses the population data to retain sufficient sample size and is compiled using 1.96 million tax cases.

Large increases in income experienced by the youngest taxpayers may be attributable to these taxpayers transitioning from school to work. This can generate mobility from the bottom of the distribution that may be unrepresentative of mobility in the population as a whole. In the mobility analysis that follows taxpayers under the age of 25 are excluded, as is recommended by the literature (Sawhill-Condon, 1992; Auten and Gee, 2009).



In the mobility analysis that follows, the relative rather than absolute changes in the income position of taxpayers is examined. Therefore, to give a sense of the absolute changes in incomes that occur, Table 44 shows the cut-offs for each quintile (the 20<sup>th</sup>, 40<sup>th</sup>, 60<sup>th</sup> and 80<sup>th</sup> percentiles) over the four year period considered. Those in the bottom quintile in 2014 earn less than €15,286 while those in the middle (or third) quintile earn between €26,121 and €38,431. Those in the top quintile earn above €59,003 in 2014.

**Table 44: Income Distribution for Taxpayers Aged Over 25**

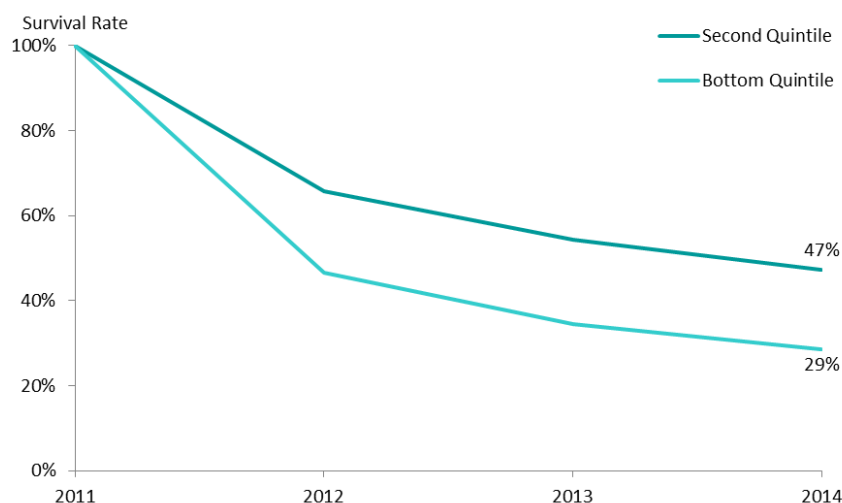
Year	20 <sup>th</sup> Percentile €	40 <sup>th</sup> Percentile €	60 <sup>th</sup> Percentile €	80 <sup>th</sup> Percentile €
2011	16,718	27,079	39,072	58,374
2012	16,110	26,376	38,192	57,579
2013	15,328	26,000	38,233	58,161
2014	15,286	26,121	38,431	59,003

Source: Revenue analysis.

## 5.2 Taxpayers Remaining at the Bottom

Figure 19 shows the survival rate of taxpayers that remain in the bottom quintile and the second quintile over the period from 2011 to 2014. Survival is calculated as the proportion of taxpayers that remain in a quintile given that they were in that quintile in 2011.<sup>28</sup> The figure shows that for those in the second quintile in 2011, about half (47 per cent) remain in that quintile by 2014. For those in the bottom quintile in 2011 approximately one third (29 per cent) remain at the bottom by 2014. The share of taxpayers remaining at the bottom of the income distribution declines sharply in the first year and falls more moderately in future years. This may suggest that short-term transitory income shocks account for a larger portion of mobility over time.

**Figure 19: Percentage of Taxpayers Remaining at the Bottom**



Source: Revenue analysis.

<sup>28</sup> These taxpayers either move upwards to a higher income quintile or drop off the tax records, for instance due to periods of unemployment or migration.

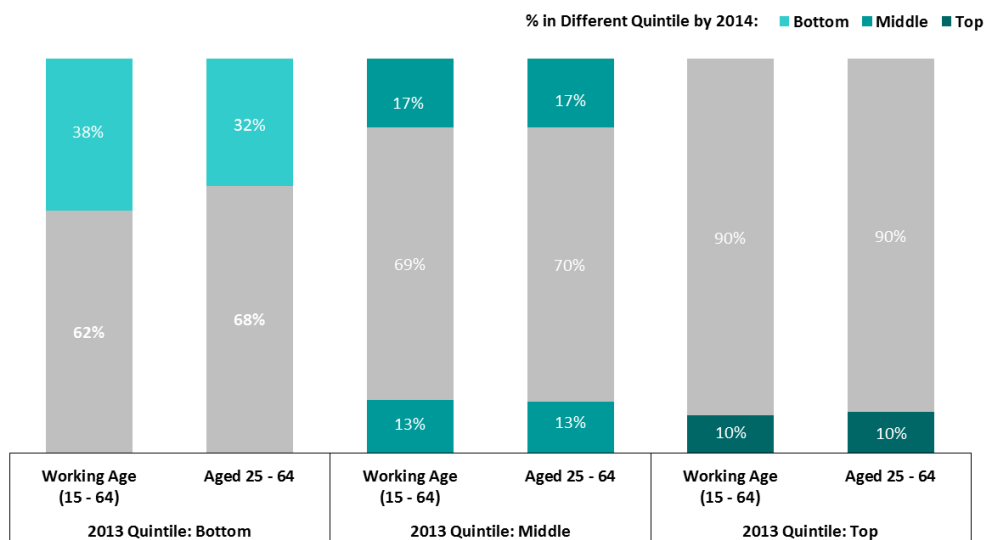
### 5.3 Income Mobility of Taxpayer Population

Figure 20 shows the transition probabilities for working age taxpayers (aged 15 to 64) and taxpayers aged 25 to 64 by the bottom, middle and top quintile between 2013 and 2014. These transition probabilities are shown side by side in order to highlight the effect of the school-to-work transition.

At the bottom of the distribution, there is greater upward mobility among working age taxpayers (aged 15 to 64) than taxpayers aged 25 to 64, which may reflect the larger jumps in income attributable to the transition from school to work. Of the working age taxpayers in the bottom quintile in 2013, 62 per cent stay in that quintile a year later while 38 per cent move upwards. For taxpayers aged 25 to 64, the proportion moving upwards from the bottom quintile is lower (32 per cent).

For both age cohorts, mobility across the rest of the income distribution is similar. In the middle quintile, there is more mobility upwards (17 per cent) than downwards (13 per cent). Of those in the top quintile in 2013, approximately 90 per cent remain in that quintile the following year.

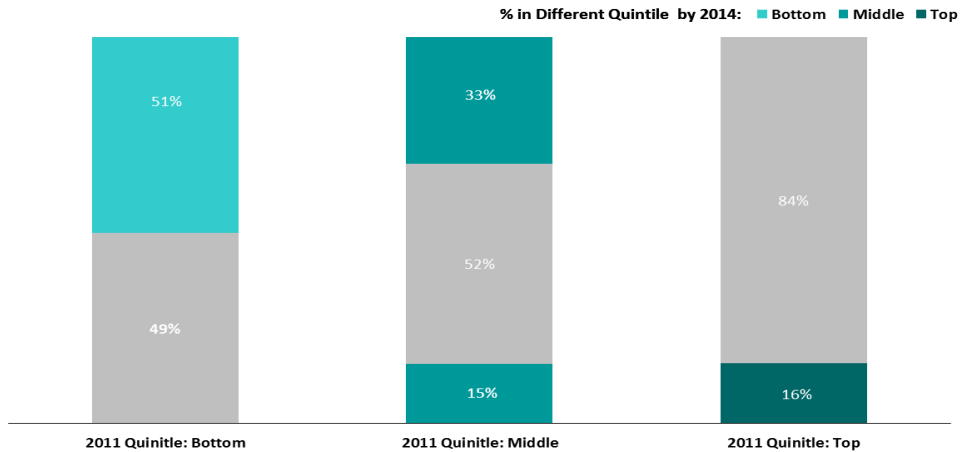
**Figure 20: Income Mobility for Taxpayers Aged 15 to 64 and 25 to 64, 2013-2014**



Source: Revenue analysis.

Figure 21 shows income mobility for taxpayers aged 25 to 64 over a four year period from 2011 to 2014. Income mobility is expected to be greater over a longer time period as taxpayers have a longer horizon over which their position in the income distribution may change. As shown, 51 per cent of taxpayers in the bottom quintile in 2011 move upwards to a higher quintile by 2014, while 84 per cent of taxpayers who were in the top quintile in 2011 remain in that quintile three years later.

**Figure 21: Income Mobility for Full Period, 2011-2014**



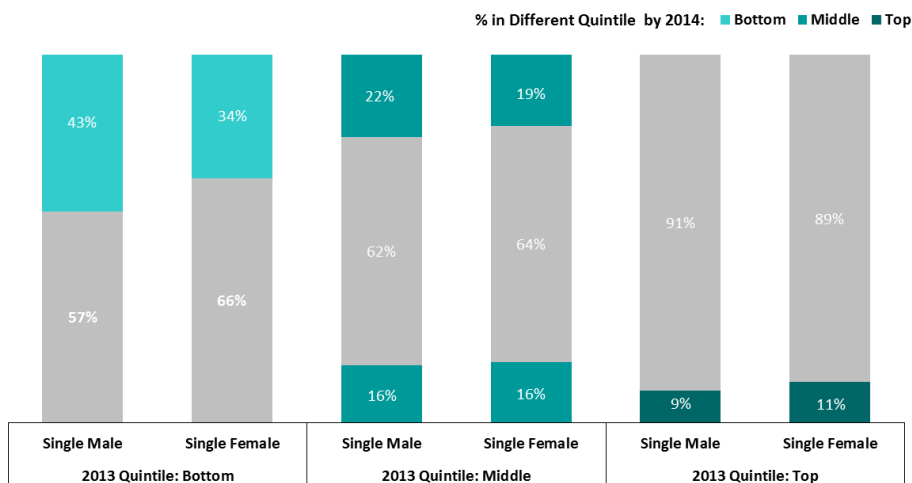
Source: Revenue analysis.

Figure 22 shows the transition probabilities for single males and females, and taxpayers from Dublin and outside Dublin. Compared to male taxpayers, females experience lower upward mobility. Of those in the bottom quintile in 2013, one in three (34 per cent) females move upwards to a higher quintile a year later. This compares to 43 per cent for males. Of those in the top quintile, 11 per cent of females move downwards compared to 9 per cent of males.

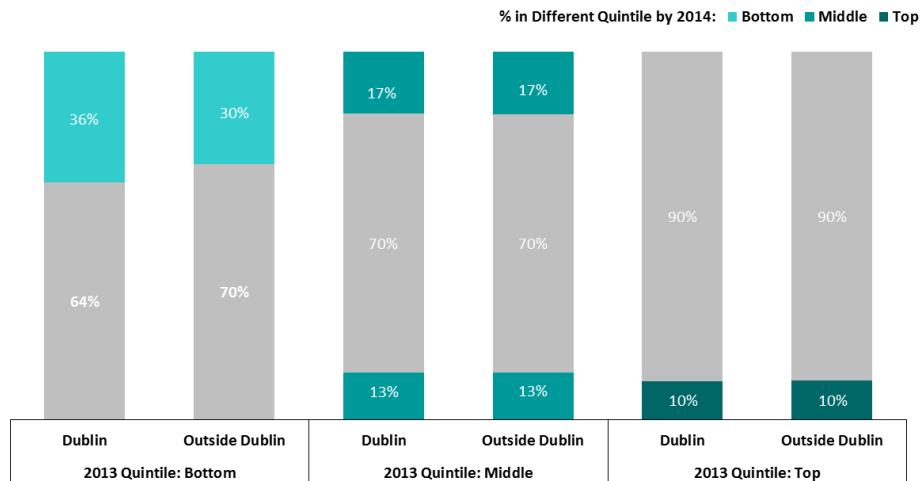
Income mobility is greater at the bottom of the distribution in Dublin than outside Dublin, 36 per cent of taxpayers in Dublin move upwards from the bottom quintile compared to 30 per cent for outside Dublin. Income mobility is similar in Dublin and outside Dublin across the rest of the distribution.

**Figure 22: Income Mobility for Selected Taxpayers Aged 25 to 64, 2013-2014**

**A: Single Males and Females**



## B: Dublin and Outside Dublin



Source: Revenue analysis.

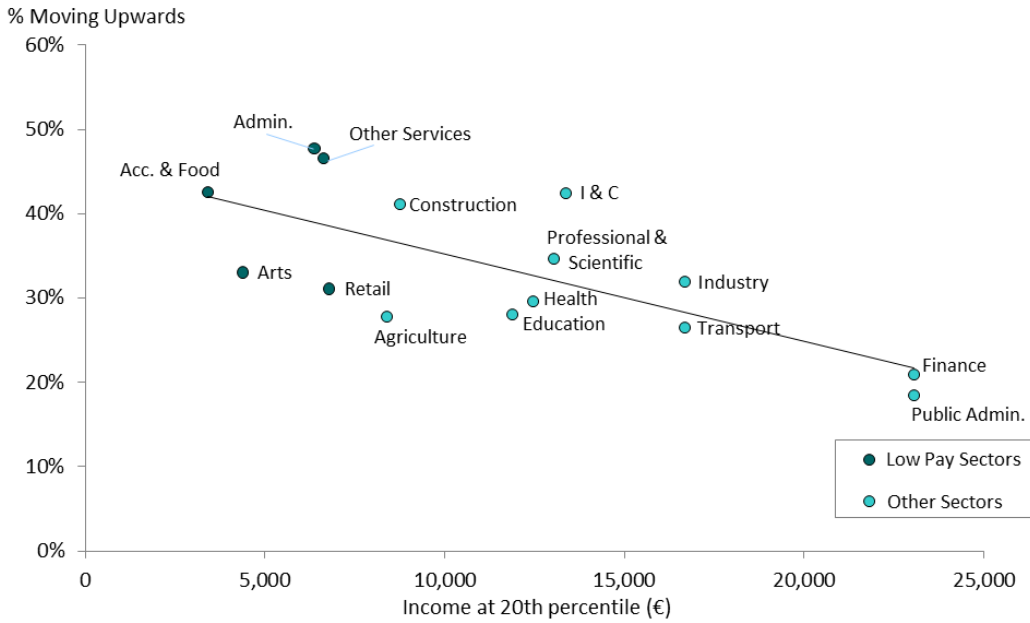
### 5.4 Sectoral Income Mobility of Taxpayer Population

This section examines income mobility within each sector for taxpayers aged 25 to 64. It is worth emphasising that this analysis only considers those taxpayers who remain employed in the same sector in both 2013 and 2014.

Figure 10 plots the upward sectoral mobility of taxpayers (from the bottom quintile) against sectoral income (for the bottom quintile or the 20<sup>th</sup> percentile).

Overall, there is greater upward mobility from the bottom quintile within the lower paid sectors. In other words, taxpayers working in lower paid sectors have a higher chance of increasing their incomes relative to others within the same sector. For example, the accommodation & food services sector is a low paid sector but a large proportion (43 per cent) moved upwards, from the bottom 20 per cent of taxpayers, between 2013 and 2014. The lowest upward mobility is observed in the financial, insurance & real estate sector (only 21 per cent moved upwards) and public administration & defence sector (18 per cent moved upwards).

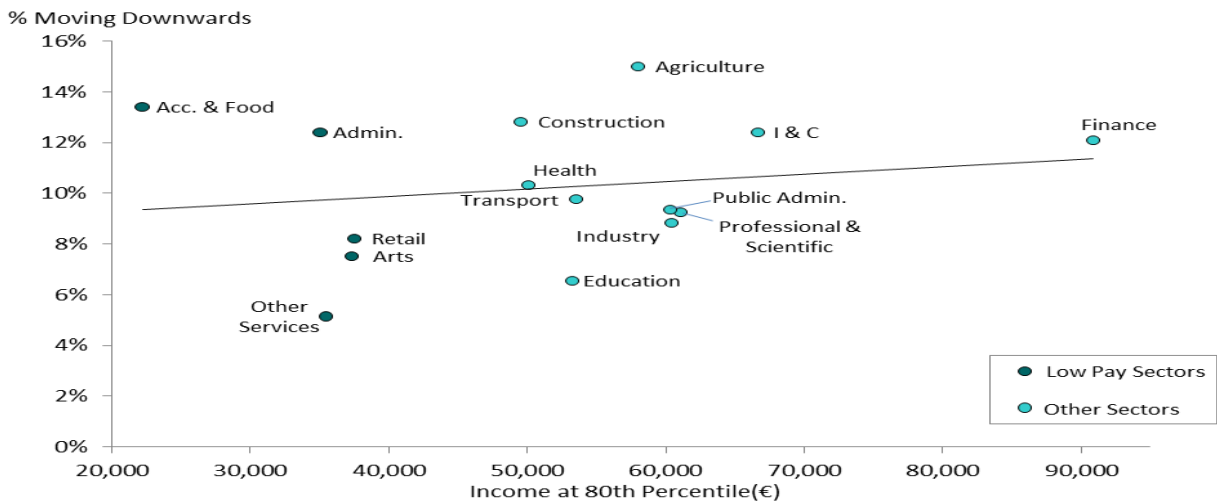
**Figure 23: Upward Sectoral Mobility from Bottom Quintile, 2013-2014**



Source: Revenue analysis. Note: The average number of observations in both years for each sector is 3,645.

Figure 11 plots the proportion of taxpayers moving downwards (from the top quintile) against sectoral income for the 80<sup>th</sup> percentile (or the top 20 per cent). Lower sectoral incomes in the top quintile are associated with less downward mobility, although the trend is somewhat weaker than that of the previous upward sectoral mobility. This means that, in the top quintile, taxpayers in sectors with lower pay are less likely to move downwards to a lower quintile. The low pay sectors with the lowest downward mobility from the top quintile are other services, arts and retail. For instance, 8 per cent of taxpayers in the retail sector moved downwards within that sector between 2013 and 2014, while 12 per cent of taxpayers in the finance sector move downwards over the period.

**Figure 24: Downward Sectoral Mobility from Top Quintile, 2013-2014**



Source: Revenue analysis. Note: The average number of observations in both years for each sector is 3,645.

## 6 Conclusion

This paper examines the incomes and mobility of taxpayers and the profitability of employers by sector in Ireland in recent years. The analysis has a special focus on low income sectors to support the work of the Low Pay Commission.

The analysis is based on a unique longitudinal dataset drawn from Revenue's administrative records, which follows over 100,000 taxpayers over a four year period. While analysis of incomes in Ireland and internationally is often based on a snapshot at a moment in time, this data allows measurement of income mobility over time. The analysis of profits in this paper is based on Revenue's corporate and self-assessed tax records in 2013 and 2014.

The analysis represents a new avenue of research for Revenue focusing on making the best use of the tax record data, strengthening public debate and improving the evidence-base for policy-making.

## Appendix and References

See full paper as published on Revenue website at [www.revenue.ie/](http://www.revenue.ie/)

## List of submissions received

<b>No.</b>	<b>Name</b>
1	Individual
2	Vincentian Partnership for Social Justice
3	Restaurants Association of Ireland
4	Irish Congress of Trade Unions
5	Unite the Union
6	Vintners Federation of Ireland
7	Guinness Staff Union
8	Retail Excellence Ireland
9	Migrants Rights Council Ireland
10	IMPACT
11	CWU
12	The Labour Party
13	Chambers Ireland
14	Small Firms Association
15	Retail Ireland
16	IBEC
17	Union of Students in Ireland
18	Labour Youth
19	Financial Services Union
20	Licensed Vintners Association
21	RGDATA
22	Irish Hotels Federation

### Calculation of Minimum Wage

Under Section 20 of the National Minimum Wage Act 2000 the basic method of calculation for pay is to divide the gross pay by the total number of hours worked.

There are a number of items that are not to be included in the minimum wage calculation, such as overtime premium, call-out premium, service pay, unsocial hours premium, tips which are placed in a central fund managed by the employer, premiums for working public holidays, Saturdays or Sundays, allowances for special or additional duties, on-call or standby allowances, certain payments in relation to absences from work, for example, sick pay, holiday pay or pay during health and safety leave, payment connected with leaving the employment including retirement, contributions paid by the employer into any occupational pension scheme, redundancy payments, payment in kind or benefit in kind, other than board and/or lodgings, and compensation for injury or loss of tools.

For the purposes of the national minimum wage the gross wage includes the basic salary and any shift premium, bonus or service charge. If one receives food (known as board) and/or accommodation (known as lodgings) from an employer, this is taken into account in the minimum wage calculation.

An individual's working hours are whichever is the greater: the hours set out in any document such as a contract of employment, collective agreement or statement of terms of employment provided under the Terms of Employment (Information) Act 1994, or the actual hours worked or available for work and paid. "Working hours" include: overtime, travel time where this is part of the job, time spent on training authorised by the employer and during normal working hours.

"Working hours" does not include: time spent on standby other than at the workplace, time on leave, lay-off, strike or after payment in lieu of notice, time spent travelling to or from work. The employer selects the period, known as the pay reference period, from which the average hourly pay will be calculated. This might be, for example, on a weekly or fortnightly basis, but cannot be for a period longer than a month.



## Estimates of 'Bite' – NMW as % of Median

	Median Hourly Earnings €	Low Pay Threshold (66%)	NMW	Bite (%)
<b>ESRI</b>				
2013 (SILC)	€16.76	€11.06	€8.65	51.6%
2014 (SILC)	€16.43	€10.84	€8.65	52.6%
2015 (SILC)	€16.33	€10.78	€8.65	53.0%
<b>LPC Estimates for 2016 and 2017</b>				
2016 (ESRI 2015 + 1.0%)	€16.49	€10.89	€9.15	55.5%
2017 (2016 Est +2.4%)	€16.88	€11.14	€9.25	54.8%

Rate in 2018 of €9.55 as a percentage of the 2017 estimated median would be 56.6%.

Source: LPC

**ESRI Paper****The New QNHS National Minimum Wage Module***A comparison of the QNHS findings with previous estimates based on SILC data*

The Quarterly National Household Survey (QNHS) included a new module on the National Minimum Wage (NMW) from Q2 to Q4 in 2016. The module asked respondents if their gross hourly earnings, excluding bonuses, overtime or allowances was (i) less than €9.15 per hour, (ii) exactly €9.15 per hour or (iii) more than €9.15 per hour. A further drop down question asked those individuals earning below the NMW the reason for this. While there was some variation in the reported incidences across the three quarters, the data revealed that an average of 10.1 per cent of employees earned at or below the NMW over the period Q2 to Q4 in 2016. Consistent with previous research, the CSO NMW module indicated that, relative to all workers, NMW workers were more likely to be female, non-nationals, aged 15-24, work part-time, have lower levels of educational attainment and be employed in the service industries.

Previous to the publication of the QNHS data, recent existing estimates of the NMW were restricted almost exclusively to those generated using the Surveys of Income and Living Conditions (SILC). We can make some comparisons of the 2016 distribution of the NMW across various worker and job characteristics using the QNHS release with those reported by Maitre, McGuinness and Redmond (2017) based on the 2014 and 2015 SILC data. The estimates based on the SILC data are derived by estimating individual hourly earnings using reported information on gross monthly earnings and usual hours worked and, as such, are not directly comparable with the QNHS estimates which are based on direct questioning. Furthermore, the 2014 and 2015 SILC estimates relate to the situation that corresponded to a NMW rate of €8.65, whereas the 2016 QNHS estimates describe the position at the higher rate of €9.15. Nevertheless, despite the differences in the methodological approach, NMW rate and reference period, it is useful to assess the extent to which both publications report similar findings in terms of the individual and job characteristics most heavily associated with NMW employment.

Maitre, McGuinness and Redmond (2017) report that in 2014 5.1 per cent of employees earned at or below the €8.65 NMW, with the incidence rising to 5.5 per cent in 2015. The authors also measured the share of employees who earned below the yet to be introduced rate of €9.15 in 2014 and 2015 at 8.7 and 9.4 per cent respectively. These figures appear to align with the 10.1 per cent of workers reporting to be earning at or below the NMW of €9.15 in 2016 based on the QNHS question. The following table compares the distributions of NMW employment in 2014 and 2015 using the SILC data and applying the €8.65 NMW, with the 2016 situation based on the QNHS data and the higher NMW rate of €9.15. As we do not yet have access to the revised QNHS dataset, our comparison relies on the figures published in the CSO National Minimum Wage report (CSO, 2017). While the vast majority of the published QNHS aggregates align with those used by Maitre, McGuinness and Redmond (2017), some of the categories are not directly comparable with slight differences shown in the age, population density and hours variables. Finally, a further restriction to the comparative assessment related to the fact that values could not be reported for all cells in the analysis of the SILC data due to CSO reporting restrictions relating to sample size.

The SILC data indicated that the share of NMW workers who are female fell from 74.2 per cent in 2014 to 63.7 per cent in 2015, with the QNHS data indicating that this trend continued during 2016 with the female share falling further to 54.4 per cent. With respect to nationality, the three sets of estimates are relatively consistent in showing that non-nationals account for a disproportionately high share of NMW employment of approximately 30 per cent. Regarding age, the results from both studies are not directly comparable due to differing approaches classifying the data, however, the finding that young people are more likely to be in receipt of the NMW is consistent across all three sample years. There are more marked differences regarding education, with the QNHS 2016 data indicating higher shares of NMW workers educated to higher secondary level and lower shares holding post-leaving certificates or third level (degree or above) qualifications. Where data is available, the distribution of NMW workers by occupation and sector look broadly comparable across all three years, with the notable exception of the share of NMW workers in the 'Other' sector, which is much higher in the 2014 and 2015 SILC estimates. However, this anomaly is potentially due to differences in the classification of the 'Other' sectoral aggregate across both datasets and requires further investigation.

While the distribution of NMW employment according to hours worked looks relatively stable across the 2014, 2015 and 2016 time points, some differences do arise with respect to the proportions of NMW employees who are either part-time or on temporary contracts. Specifically, the 2016 QNHS data indicates that the share of NMW workers employed part-time or on temporary contracts has increased and, while these increases may be partly driven by methodological differences between the two surveys, they may also be due to factors related to the rise in the NMW rate between 2015 and 2016.

### *The implications of the new module for evidence based policy*

The absence of reliable and current data on hourly earnings has made it extremely difficult for researchers to provide the evidence necessary to support effective policy making in this area. Up until now researchers have relied on the SILC data to investigate earnings related issues pertinent to Ireland. While the SILC data is extremely useful it has some considerable drawbacks, specifically, the most current available data usually relates to a time period two years previous and the relatively small sample size of the Irish data restricts the level of detail to which researchers can reliably investigate policy related questions. The addition of the new NMW module in the QNHS provides a number of important advantages that will improve both the timeliness and relevance of research that can be produced to inform policy. Some of the benefits resulting from the new data include the ability to:

- Accurately identify NMW workers without the need to estimate using information of reported earnings and hours worked;
- Produce current estimates of the incidence of the NMW;
- Provide detailed breakdowns of the composition and distribution of NMW employees that are not restricted due to sample size reporting restrictions;
- Estimate, on a routine and current basis, the impact of any change in the NMW rate on outcome variables such as the levels of employment or number of hours worked by minimum wage employees;
- Exploit the longitudinal aspect of the QNHS to examine the labour market transition behaviour of NMW employees, i.e. the degree to which they move in and out of NMW employment from other states such as unemployment or inactivity;

- Provide detailed estimates of the impact of various factors such as student employment, job tenure, geographical location, part-time working preferences etc. on explaining individual's exposure to minimum wage employment.

**The Incidence of Employees on the Minimum Wage, 2014, 2015 and 2016 (%)**

	<b>SILC 2014</b>	<b>SILC 2015</b>	<b>QNHS 2016</b>	
<b>All employees</b>	100	100	100	
<b>Gender</b>				
Male	25.8	36.3	45.6	
Female	74.2	63.7	54.4	
<b>Nationality</b>				
Irish	74.0	69.3	71.8	
Non Irish	26.0	30.7	28.2	
<b>Age Group</b>				
<b>Age Group</b>			<i>15-24</i>	37.9
18-29	52.5	42.3	<i>25-34</i>	26.6
30-39	22.9	25.3	<i>35-44</i>	16.3
40-49	12.8	20.2	<i>45-54</i>	11.7
50-59			<i>55-59</i>	3.7
60+			<i>60+</i>	3.8
<b>Highest Completed Education</b>				
Primary or below				5.6
Lower secondary				16.2
Higher secondary	34.2	34.8		40.3
Post leaving cert	17.2	23.9		12.9
Third level non degree				11.4
Third level degree or above	20.9	17.4		10.0
Other / Not Stated				3.6
<b>NACE Sector</b>				
Agri, forestry/ fishing				3.2
Industry				15.0
Wholesale and retail trade	25.4	19.7		25.9
Accommodation and food	23.2	25.4		24.7
Admin & support services				5.3
Health & social work				14.3
Pub Adm, Defence, Educ				6.2
Others	20.4	23.5		5.4

**Sources:** Maitre, McGuinness and Redmond (2017) and CSO (2017)

**The Incidence of Employees on the Minimum Wage, 2014, 2015 and 2016 (%)**,  
**continued**

	<b>SILC 2014</b>	<b>SILC 2015</b>		<b>QNHS 2016</b>
<b>All employees</b>	100	100		100
<b>Occupation</b>				
Manager and admin				
Professional				
Associate Prof. & technical				3.9
Clerical and secretarial				4.9
Craft and related				10.4
Personal/ protective services	14.0	12.1		13.1
Sales	26.8	17.8		22.7
Plant/machine operatives				6.7
Others	37.2	41.0		38.3
<b>Sector of employment</b>				
Public				
Private	90.3	92.7		-
Other				
<b>Hours Worked per week</b>				
			<b>Hrs Worked per wk</b>	
1-19hrs	31.3	23.5	1-19hrs	28.1
20-34.9hrs	30.0	28.8	20-34.9hrs	28.6
35hrs+	38.7	47.7	35hrs+	33.7
			Variable Hours	9.7
<b>Work status</b>				
Full-time	48.7	49.6		41.3
Part-time	51.3	50.4		58.7
<b>Contract Type</b>				
Permanent	78.2	78.6		72.0
Temporary	21.8	21.4		26.9
Not Stated				1.1
<b>Urban/rural location</b>				
			<b>Urban/rural</b>	
Urban	72.0	76.1	<i>Densely-populated</i>	35.2
Rural	28.0	23.9	<i>Intermediate</i>	22.8
			<i>Thinly-populated</i>	41.9

**Sources:** Maitre, McGuinness and Redmond (2017) and CSO (2017)

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