Economic Impact Assessment of Change to Sub-Minimum Youth Rate

Final Report

Submitted to the Department of Enterprise, Tourism and Employment

Prepared by

Indecon International Economic and Strategic Consultants

Indecon
www.indecon.ie

30 October 2025

Contents

Page

Tables and Figures

Page

Executive Summary

Background and Context

This report was commissioned by the Department of Enterprise, Tourism and Employment and completed by Indecon research economists. The analysis concerns an economic impact assessment of potential changes to the sub-minimum youth rates. The background to the assignment is that a national minimum wage was introduced in Ireland in 2000 and contained a range of national minimum hourly rates for employees based on their experience, as well as a training rate. These rates were reviewed by the Low Pay Commission in 2017, and the Commission recommended simplifying their structure. Changes were introduced as part of the Employment (Miscellaneous Provisions) Act 2018 and came into effect in March 2019. Under these provisions, employees aged 18 and 19 were entitled to a sub-minimum rate of 80% and 90% of the overall national minimum wage respectively. The sub-minimum rates for employees aged under 18 were set at 70% of the national minimum wage.

The sub-minimum wage rates or youth rates were reviewed by the Low Pay Commission in 2024, with supporting research carried out by the ESRI.[1] The Commission noted that based on detailed research by Redmond et al (2023b)[2], 1.4%, or 30,000 people earned a sub-minimum wage. They also noted that one quarter (24.8%) of workers under age 20 received this rate.

In terms of a principal economic status breakdown of those on sub-minimum wages, the ESRI report showed that 79% of employees earning this wage were students. The ESRI report suggested that abolishing the sub-minimum wage could have both positive and negative effects for youth employees. On the one hand, some youth employees would see their wages increase by between 11% and 43%, depending on their age. An increase in the wage could, however, make such individuals less competitive when compared to older, more experienced employees. As a result, these employees could see a reduction in their hours of work or reduced opportunities with prospective employers.[3] The increase in youth rates would disproportionally have an impact on the cost base of small firms, particularly in certain sectors, although for the overall economy the impacts were judged to be of a small magnitude. When the Low Pay Commission report was launched in 2024, it made four recommendations. While the Commission recommended the abolition of sub-minimum wage rates, it recognised the potential for adverse impacts and the need to consider how to support employers with a substantive proportion of employees in receipt of sub-minimum wages if they were abolished.

When examining sub-minimum wage rates in Ireland, particularly given their prevalence among younger workers, it is noteworthy that employment among individuals aged 19 or under increased by 60% between 2016 and 2024, with a marked rise in 2021. Youth employment growth has outpaced total employment and now accounts for approximately 93,000 employees. Between 2019 and 2024, employment growth was strongest among those aged 17 or less, which increased by 96% from 16,300 to 31,900. Employment of persons aged 18 and 19 also increased significantly (by 61% and 36%, respectively).

In parallel to the rise in youth employment, the number of individuals between 18 and 24 years of age not in education, employment or training (NEET) fell from a peak of 14.8 % in 2020 to 8.6 % in 2023. Encouragingly, the proportion of young people in Ireland between 18 and 24 not in education, employment or training is much lower than the EU average.

The figure below shows that the number of employees on the sub-minimum youth rate has grown significantly since 2019 when the policy change was introduced. From 2019 to 2024 the numbers have increased from 8,600 to 22,100, respectively. The rate of increase in the numbers on the youth rate has outstripped the overall rate of employment growth of youth employees shown in Figure 1.2. As such, the incidence of the youth rate, i.e.,

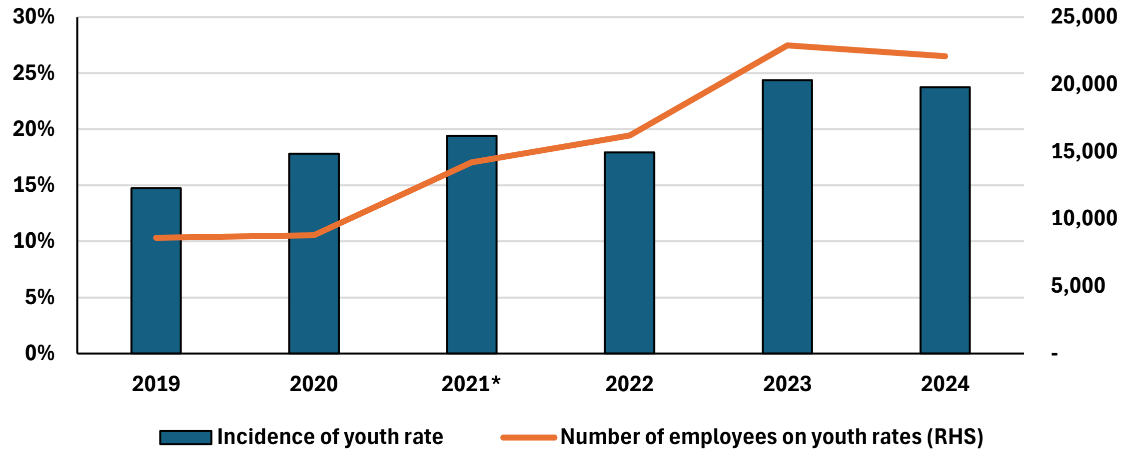
[1] See ESRI Research quoted in Low Pay Commission Report on Sub-Minimum Youth Rates, March 2024.

[2] Redmond et al (2023) ESRI Research Services, 167.

[3] Previous work by Kelly and McGuinness (2017) have suggested that there is limited evidence that an increase in the minimum wage would affect the employment of youth workers, whether positively or negatively.

the proportion of young employees on the youth rate has increased over this period, from approximately 15% in 2019 to just under 24% in 2024.

Incidence of Youth Rate, 2019-2024



** Indecon estimate used in 2021 due to partially redacted CSO data in this year*
Source: CSO

While in the overall economy, only 23.7% of youth employees were paid the sub-minimum rate in 2024, this varied significantly by age group. The use of sub-minimum rates is highest among those aged less than 18 years, with 46.0% of employees being paid the sub-minimum rate. In 2024, 19.0% of 18-year-olds and 6.8% of 19-year-olds are remunerated at the sub-minimum rate.

Incidence of Sub-minimum Age-based Rates by Age, 2024

	Total all sectors
Under 18 years of age	46 %
18 years	19 %
19 years	6.8 %
Total 19 years of age or younger	23.7 %

Source: CSO

Youth Employment and Incidence of Youth Rates in Ireland

The incidence of youth rates by sector is relevant in evaluating the likely economic impacts. Of note is that youth employment is disproportionately concentrated in the Accommodation & Food and Wholesale & Retail sectors, where there are both a higher number of young employees and a high incidence of youth rates. Over 62% of all employees aged 19 or younger work in these sectors. As discussed later, these sectors tend to have some of the highest proportions of personnel costs relative to profits in the economy.

Youth Employment by Sector 2024			
	Accommodation & Food	**Wholesale & Retail**	**All sectors total**
Youth employment ('000s)	29.4	28.6	93.1
Proportion of youth employees working in the sector %	31.6%	30.7%	100%
Total employment ('000s)	170.7	294.2	2,386.8
Proportion of employees of all ages working in the sector %	7.2%	12.3%	100%

Source: CSO
Note: Youth employment is defined as employees under the age of 20 irrespective of the wage rate.

Youth employment is also disproportionally concentrated in small firms compared to larger entities. Three-quarters of employees aged 19 or younger work in a small firm, compared to less than half for employees of all ages. In the Accommodation & Food and Wholesale & Retail sectors, small firms account for 48% of all youth employment. This highlights the importance of small firms in these sectors in providing employment opportunities for young people. This reinforces the importance of assessing the economic impact of proposals impacting on costs for these firms in line with the Government's 'Think Small First' principle.[4]

Youth Employment by Firm Type 2024				
	Small Enterprises	**Small enterprises Accommodation & Food**	**Small enterprises Wholesale & Retail**	**All enterprises total**
Youth employment ('000s)	70.3	23.4	21.2	93.1
Proportion of youth employees working in firm type %	75.5%	25.1%	22.8%	100.0%
Total employment ('000s)	1,157.6	117.1	200.1	2,386.8
Proportion of employees of all ages working in firm type %	48.5%	4.9%	8.4%	100.0%

Source: CSO
Note: Youth employment is defined as employees under the age of 20 irrespective of the wage rate.

The table below shows that Accommodation & Food has a relatively high rate of sub-minimum rates for youth employees, with 30.8% of these employees being paid the sub-minimum rate. This sector not only has the highest share of youth employment but also the highest incidence of sub-minimum rates. In total, 9,000 employees are on the sub-minimum wage in this sector, and 7,100 in the Wholesale & Retail sector.

[4] This principle of considering the impact on SMEs of policy changes prior to implementation was accepted by the Government following a recommendation by the National Competitiveness and Productivity Council in 2024.

Incidence of Sub-minimum Age-based Rates by Sector, 2024			
	Accommodation & Food	**Wholesale & Retail**	**Total all sectors**
Youth employment ('000s)	29.4	28.7	93.1
Youth rate employment ('000s)	9.0	7.1	21.1
Incidence %	30.8%	24.6%	23.7%
Source: CSO			

Overall youth rate employment represented only 0.9% of total employment in the State in 2024. However, it represents a larger share of employment in certain sectors such as Accommodation & Food; Wholesale & Retail; Agriculture, Forestry, Fishing & Mining; and Arts, Entertainment & Recreation.

Total Employment and Youth Rate Employment by Sector, 2024			
Sector	**Employment (000's)**	**Youth Rate Employment (000's)**	**% on Youth Rate**
Accommodation & Food	170.7	9.0	5.3
Wholesale & Retail	294.3	7.1	2.4
Agriculture, Forestry, Fishing, Mining	44.0	1.4	3.2
Arts, Entertainment & Recreation	29.0	0.7	2.4
Human health and social work activities	353.0	0.0	0.0
Transport	98.2	0.7	0.7
Manufacturing	272.7	0.8	0.3
Other sectors	1,118.9	2.2	0.2
All sectors total	**2,386.8**	**22.1**	**0.9**
Source: CSO			

Policies Impacting Firm Costs Over the Last Five Years

In considering the economic impact of changes to the sub-minimum youth wage rates, it is important to note that a number of government policies designed to improve working conditions have impacted on the cost base of firms over the past five years. Such policies have economic and societal benefits and enhance job quality and reduce inequality. While there are significant benefits associated with such policies, they impose costs for firms, and these costs are likely to have a greater relative impact on businesses operating in low-margin labour-intensive sectors. An important rigorous assessment of the cumulative impact of proposed measures to improve working conditions in Ireland was undertaken by IGEES staff in the Department of Enterprise, Tourism and Employment, and in the Department of Social Protection.[5] This work was completed by Dr. Dermot Coates, Dr. Keith Fitzgerald, Rory Mulholland, Karen Hogan, Erika Valiukaite, Roshin Sen, Niall Hickey and Anthony Jordan, and was overseen by an independent Advisory Group comprising of Professor John Curtin, Dr. Damian Thomas and Professor Frank Walsh. The report noted the degree of asymmetry of impacts across sectors and the degree of heterogeneity within sectors. This is aligned with the findings of Indecon's current evaluation of the economic impact of the abolition of the sub-minimum wage rates. Overall, recent policy initiatives to improve working conditions, if fully implemented, were estimated by IGEES to increase aggregate or economy-wide payroll costs by between 1.8% and 2.2% by 2026, when compared to 2023. In an effort to capture sectoral differences in these policies, IGEES presented a qualitative analysis of the impact of these developments on different sectors. The three policies which were judged to carry higher costs for some sectors are statutory sick pay, pension auto-enrollment, and the living wage policy. Other schemes such as an extra public holiday, remote work, and parents' benefits are expected to have less of an effect on employers. In terms of statutory sick pay, this policy will likely have the largest impact on Wholesale & Retail, Accommodation & Food, Human Health, and the Arts. Other sectors where the policy will have a much lower impact are manufacturing, transport, administration, and education.

Qualitative Summary of IGEES Findings on Impact of Recent Policy on Different Sectors

	Statutory Sick Pay	Public Holiday	Pension Auto-Enrolment	Living Wage	Remote Work	Parents Leave and Benefit
Agriculture, Forestry, Fishing, and Mining						
Manufacturing, modern						
Manufacturing, other						
Electricity, water supply and waste management						
Construction						
Wholesale & Retail						
Transport						
Accommodation & Food						
Information and Communication						
Financial and Insurance Activities						
Professional, Scientific, and Technical Activities						
Administration and Services						
Public Administration						
Education						
Human health and social work activities						
Arts, entertainment, and recreation						

Legend: Policy Impact

Minimal Moderate High

Source: An Assessment of the Cumulative Impact of Proposed Measures to Improve Working Conditions, IGEES Working Paper (2024)

[5] An Assessment of the Cumulative Impact of Proposed Measures to Improve Working Conditions in Ireland, Department of Enterprise, Tourism and Employment, Department of Social Protection, Working Paper, March 2025.

International Evidence

The international literature on the impacts of sub-minimum youth rates reported in the ESRI analysis for the Low Pay Commission indicated diverse results with one study suggesting positive employment effects from the presence of sub-minimum youth rates. Other studies, however, indicated that the abolition of such rates could have some negative employment effects. Recent measures to improve working conditions in Ireland, such as statutory sick pay and pension auto-enrolment, and the introduction of a living wage, bring Ireland more in line with other EU countries where such policies are already established features of labour market regulation. It is also useful to consider any proposed changes in the sub-minimum rates in the context of the overall minimum statutory rates. Ireland currently has a higher minimum wage in euros than 14 of the other comparator 16 countries examined. Even when adjustments are made for purchasing power parity, Ireland's statutory minimum wage is higher than most of the other countries. In some of the countries where age-based rates do not exist, the minimum wage is very low compared to Ireland. The evidence also shows that youth minimum wage rates are uncommon in Europe as distinct to a uniform national minimum wage. However, there are seven countries which use these rates, namely, Ireland, the Netherlands, the United Kingdom, Luxembourg, Belgium, France, and Cyprus. In Germany, the minimum wage does not apply to individuals under the age of 18.

Minimum Wage Rates in Other Countries

Country	€ Monthly minimum wages	PPP Monthly minimum wages	€ Monthly minimum wage (under 18)	€ Monthly minimum wage (18-19)
Luxembourg	€2,638	1,969	€1,900	€2,375
Ireland	€2,282	1,664	€1,597	€1,940
Netherlands	€2,193	1,875	€760	€1,206
Germany	€2,161	1,992	None	None
Belgium	€2,070	1,764	€1,449	€1,697
France	€1,802	1,606	€1,442	€1,622
Spain	€1,381	1,517	-	-
Slovenia	€1,278	1,427	-	-
United States	€1,210	837	-	-
Poland	€1,091	1,523	-	-
Lithuania	€1,038	1,264	-	-
Portugal	€1,015	1,170	-	-
Cyprus	€1,000	1,076	€900	€900
Croatia	€970	1,298	-	-
Greece	€968	1,129	-	-
Malta	€961	1,056	-	-
United Kingdom	€2,317		€1,295	€1,742

Source: Eurostat, UK Government[6], and Indecon calculations.

Impact of Changes to Sub-Minimum Wage

Based on the estimate of the number of employees on the youth rate and their average hours worked per week, the total cost of employees earning the youth rate in 2024 is estimated by Indecon to be of the order of €155m. per annum. If sub-minimum rates did not apply, these employees would be paid the national minimum wage of €12.70 per hour. Assuming that the number of youth rate employees and the number of hours worked

[6] UK Government National Minimum Wage Rates are available here https://www.gov.uk/national-minimum-wage-rates

remained unchanged, total personnel costs for these employees would rise to €206m, an increase of €51m per annum. The largest increase in personnel costs is attributed to those employees under 18 and would impact particularly on labour-intensive sectors such as Accommodation & Food and Wholesale & Retail.

Cost of Youth Rate Employment 2024						
Age Category	**Hours Worked Per Annum**	**Youth Rates**	**Number of Youth Rate Employees**	**Cost of Employment Per Annum**	**Cost if NMW Per Annum**	**Difference**
<18	650	€8.89	14,700	€85m	€121m	€36m
18	827	€10.16	5,100	€43m	€54m	€11m
19	1,050*	€11.43	2,300	€28m	€31m	€3m
Total				**€155m**	**€206m**	**€51m**

*** As there is no data available for the average hours worked for 19 year olds on the youth rate, it is assumed that the average hours worked is the same as 19 year olds currently earning the national minimum wage.**
Source: Indecon analysis of CSO data

In evaluating the impact of changes to the sub-minimum rates on different sectors, it is important to consider the differences in the characteristics of firms in Ireland and the levels of profitability. For some sectors where there are high levels of profitability, any changes in minimum employment wage rates are likely to be muted. In sectors with lower profitability, which tend to be more labour intensive, there are likely to be more impacts from changes in the minimum wage rates. The economic impact of any proposed changes will depend on a number of key factors. These include the significance of the personnel cost base, the overall level of profitability of the sector, and the incidence of sub-minimum wage rates. Evidence to inform this has been examined by Indecon based on unpublished data which the CSO provided to Indecon following a special request as part of this assignment. Of particular importance is data on profits by sector and data on personnel costs. The figures relate to 2024 or the latest available year with results presented in the table below. The results show that some sectors operate on very narrow margins. In Food & Accommodation, profits are less than half of personnel costs (a ratio of 0.46). In Wholesale & Retail, profits are still below personnel costs, with a ratio of 0.83. By contrast, the Manufacturing sector generates profits more than eight times greater than personnel costs (ratio of 8.02), while the average across all sectors is 2.55.

Indecon's Analysis of Profitability and the Significance of Personnel Costs by Sector				
	Accommodation & Food	**Wholesale & Retail**	**Manufacturing**	**All Sectors**
Personnel Costs (€'000s)	4,679,981	13,844,412	17,530,406	124,271,383
Profits (€'000s)	2,161,739	11,518,345	140,677,812	316,841,068
Ratio of Profits/ Personnel Costs	0.46	0.83	8.02	2.55

Source: Indecon analysis based on Unpublished Special CSO Analysis completed for Indecon

Indecon notes the markedly different economic significance of personnel costs relative to profitability in the Accommodation & Food and the Wholesale & Retail sectors. In these sectors, personnel costs account for a much higher share of firms' cost base, underlining their heightened exposure to labour cost increases. The next table presents Indecon's assessment of personnel costs, profitability concerns, and incidence of sub-minimum wages by sector. Sectors where the impact of changes to the sub-minimum rates are likely to be greater are characterised by high overall personnel costs and low profitability and where the incidence of sub-minimum rates are high. These are demonstrated by a red rating in the next table. This suggests that changes to the minimum wage rate may have only a very muted impact on most sectors but there is likely to be a relatively larger impact on the labour-intensive Accommodation & Food (which includes hotels and restaurants) and Wholesale & Retail sectors.

Indecon Qualitative Assessment of Significance of Personnel Costs Compared to Aggregate Profits by Sector			
	Significance of Personnel Costs	**Concerns over Levels of Profitability (i.e. low levels of profitability)**	**Incidence of Sub-Minimum Wages**
All Sectors			
Manufacturing			
Accommodation & Food			
Wholesale & Retail			

Legend: Low = Green, Medium = Yellow, High = Red
Source: Indecon

Key Findings and Recommendations

A summary of our key findings is presented in the table below.

Key Findings
1. Youth employment is disproportionately concentrated in the Accommodation & Food and Wholesale & Retail sectors and in small enterprises. 2. The Accommodation & Food sector and the Wholesale & Retail sector have the highest share of youth employment, and the highest incidence of sub-minimum youth rates. 3. The incidence of sub-minimum youth rates is highest for employees under the age of 18. Overall, 46.0% of employees (14,700 people) under the age of 18 are on sub-minimum wage. 4. In Ireland, the impact of a removal of sub-minimum youth rates would be very small on the overall economy, but there would be relatively more significant impacts on firms in certain sectors. The impacts would also be more significant on smaller firms. It is important to recognise that even in the sectors that are most impacted, the vast majority of employees are not on sub-minimum wage rates. Spillover effects could arise within firms or sectors, for example where older workers seek corresponding increases to younger colleagues, but the available evidence on such effects is limited. 5. The international evidence points to the possibility of some unintended consequences from the abolition of sub-minimum youth rates including possible reductions in employment and education participation, and adverse labour market impacts on groups such as students and seasonal employees. 6. The impacts of a removal of the youth rates or other changes to their structure should be assessed in the context of recent policy-driven increases in business costs. Evidence indicates that the cumulative effect of these measures is greatest for the firms most likely to be affected by the removal of sub-minimum youth rates.
Source: Indecon analysis

Indecon is aware of the decision by the Government to postpone any decision on altering or removing sub-minimum wage rates in the light of current business uncertainties. While the evidence confirms that abolition of sub-minimum wage rates would have a very limited impact on most sectors, there would be a greater impact on two key labour-intensive and cost-sensitive sectors, namely Accommodation & Food and Wholesale & Retail sectors. If it is decided to consider implementation of changes to sub-minimum rates at a later date, Indecon recommends that a number of steps are taken in advance, as outlined in the following table.

Recommendations Prior to Changing Sub-Minimum Rates
1. Prior to any future decision to abolish sub-minimum youth rates, a data gathering exercise should be completed to enable a full estimation of the likely impact on sectors where incidence of youth rates is most prevalent and the impact on individuals aged 17 or younger. 2. An interim or transition option that could be considered is the abolition of sub-minimum youth rates for those aged 18 and over. 3. If a removal of sub-minimum rates or other changes to their structure are implemented, consideration should be given to introducing targeted supports to the most affected firms, although the difficulty of designing an appropriate support programme should not be underestimated.
Source: Indecon analysis

Acknowledgements

Indecon is very appreciative of the assistance of the CSO in providing detailed new data to inform our analysis. We would also like to acknowledge the assistance provided by officials in the Department of Enterprise, Tourism and Employment. The analysis has also benefitted from previous work completed by the ESRI and by a number of academic and IGEES economists. The usual disclaimer applies, and the analysis is the sole responsibility of Indecon research economists.

1 Background and Context

1.1 Introduction

This report was commissioned by the Department of Enterprise, Tourism and Employment and completed by Indecon research economists. The analysis concerns an independent economic impact assessment of potential changes to the sub-minimum youth rates.

1.2 Background Context

The background to the assignment is that a national minimum wage was introduced in Ireland in 2000 and contained a range of national minimum hourly rates for employees based on their experience, as well as a training rate. These rates were reviewed by the Low Pay Commission in 2017, and the Commission recommended simplifying their structure. Changes were introduced as part of the Employment (Miscellaneous Provisions) Act 2018 and came into effect in March 2019. Under the new provisions, employees aged 18 and 19 were entitled to a sub-minimum rate of 80% and 90% of the overall national minimum wage respectively. The sub-minimum rates for employees aged under 18 were set at 70% of the national minimum wage.

Table 1.1: Minimum and Sub-Minimum Wage Rates in Ireland 2025

	Category of Employee	Effective from 1 Jan 2025	Share of minimum wage
Adult rate	Experienced Adult Employee	€13.50	100%
Age-based rates	Aged 19	€12.15	90%
	Aged 18	€10.80	80%
	Aged under 18	€9.45	70%

Source: Low Pay Commission Report on Sub-minimum Youth Rates (2024). Data on minimum wage and sub-minimum wage updated to 2025.

The sub-minimum wage rates or youth rates were reviewed by the Low Pay Commission in 2024, with supporting research carried out by the ESRI.[7] The Commission noted that based on detailed research by Redmond et al in 2023[8], 1.4%, or 30,000 people earned a sub-minimum wage. They also noted that one quarter (24.8%) of employees under age 20 received this rate.

In terms of the sectoral breakdown of the sub-minimum wage, the ESRI report showed that 79% of employees earning this wage were students. The ESRI report suggested that abolishing the sub-minimum wage could have both positive and negative effects for youth employees. On one hand, some youth employees would see their wages increase between 11% and 43%, depending on their

[7] See ESRI Research quoted in Low Pay Commission Report on Sub-Minimum Youth Rates, March 2024.
[8] Redmond et al (2023b) ESRI Research Services, 167.

age. An increase in the wage could, however, make such individuals less competitive when compared to older, more experienced employees. As a result, these employees could see a reduction in their hours of work or reduced opportunities with prospective employers.[9] The increase in youth rates would disproportionally have an impact on the cost base of small firms, particularly in certain sectors, although for the overall economy the impacts were judged to be of a small magnitude. When the Low Pay Commission report was launched in 2024, it made four recommendations. While the Commission recommended the abolition of sub-minimum wage rates, it recognised the potential for adverse impacts and the need to consider how to support employers with a substantive proportion of employees in receipt of sub-minimum wages if abolished.

Figure 1.1: Recommendations of the Low Pay Commission on Sub-minimum Youth Rates, 2024

1. The Low Pay Commission recommends that sub-minimum wage rates for employees who are 18 and 19 years of age should be abolished no sooner than 1 January 2025.
2. The Low Pay Commission recommends that sub-minimum wage rates for employees who have not attained the age of 18 years should be abolished no sooner than 1 January 2025.
3. The Low Pay Commission recommends that if youth rates are abolished, after these rates have been abolished for two years, that a study be conducted to evaluate if there were adverse consequences from removing sub-minimum rates, in particular for those aged under 18. Should a significant adverse outcome be identified, the study should review the full range of policy options available to Government. This study should be submitted to Government and be given due consideration, with the resulting Government decision notified to the Low Pay Commission. A subsequent follow up study should be commissioned after youth rates have been abolished for four or more years using the longer data series when available.
4. The Low Pay Commission, similar to its recommendation in its Living Wage Report (2022), recommends that consideration is given to how employers with a substantial proportion of young workers in receipt of sub-minimum wages can be supported during and after the period in which youth rates are abolished if they are abolished.

Source: Low Pay Commission Report on Sub-Minimum Youth Rates (2024)

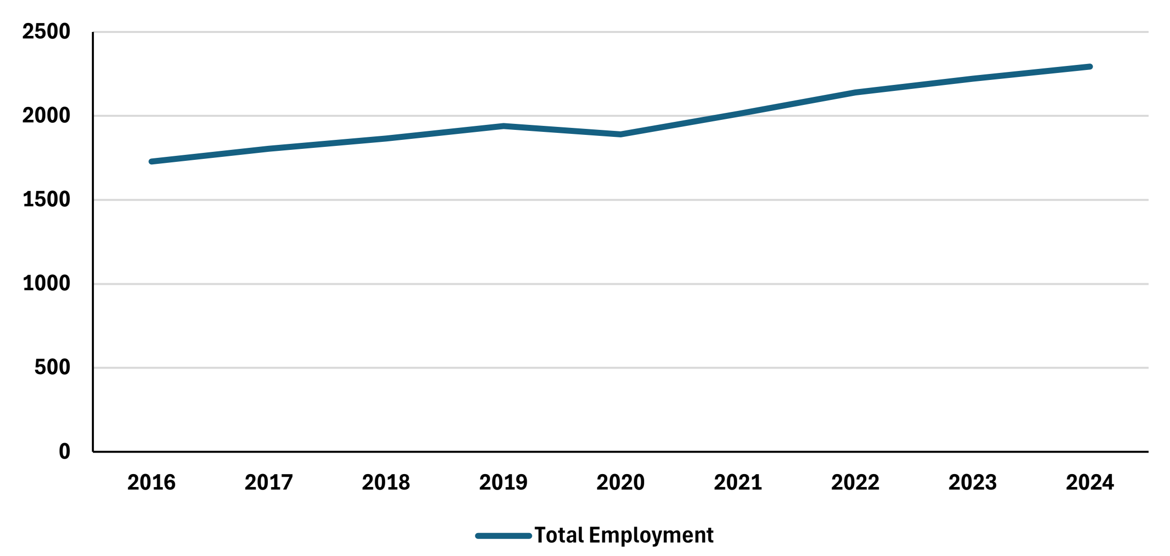
It is also worth noting that the EU Directive on Adequate Minimum Wages (Directive 2022/2041)[10] can frame discussions about sub-minimum youth rates. The Directive requires that where statutory minimum wages exist, they must be set on the basis of a framework of adequacy (considering purchasing power, wage distribution, productivity, etc.), and it encourages extension of collective bargaining coverage, and stronger enforcement of wage protection. While the Directive does not prescribe sub-minimum rates (or their removal), it creates a framework in which national pay structures including youth wage rules come under closer scrutiny.

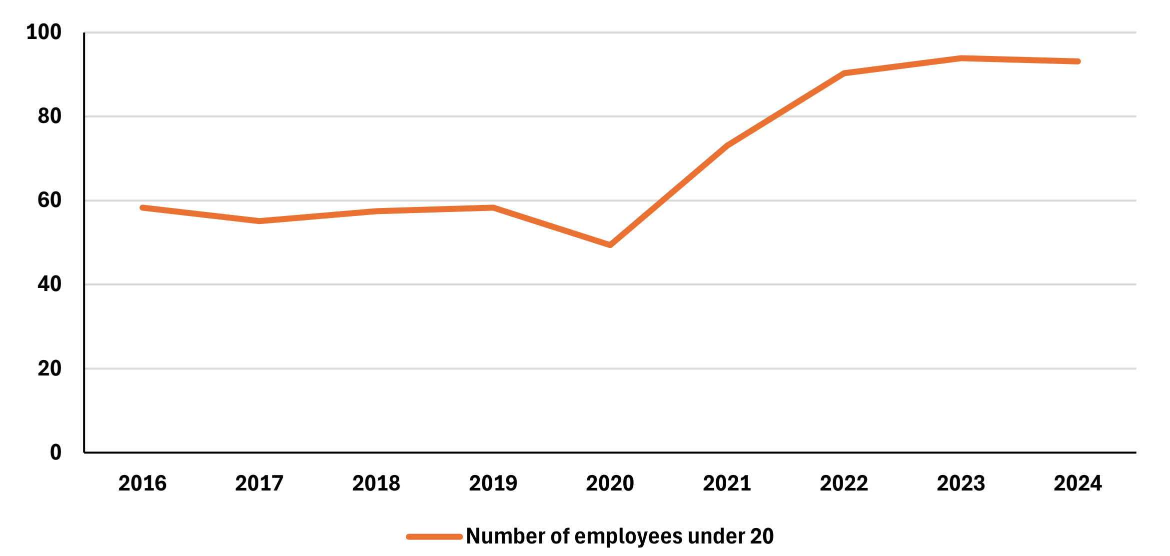
[9] Previous work by Kelly and McGuinness (2017) have suggested that there is limited evidence that an increase in the minimum wage would affect the employment of youth workers, whether positively or negatively.
[10] https://eur-lex.europa.eu/eli/dir/2022/2041/oj/eng

1.3 Employment Trends

In examining sub-minimum wage rates in Ireland and given the predominance of these rates among younger employees, it is important to note that employment of individuals aged 19 or younger has increased by 60% over the period 2016-2024, with a noticeable increase in 2021. Youth employment growth has outpaced total employment and now accounts for approximately 93,100 employees.

Figure 1.2: Employment Numbers by Age, 2016-2024

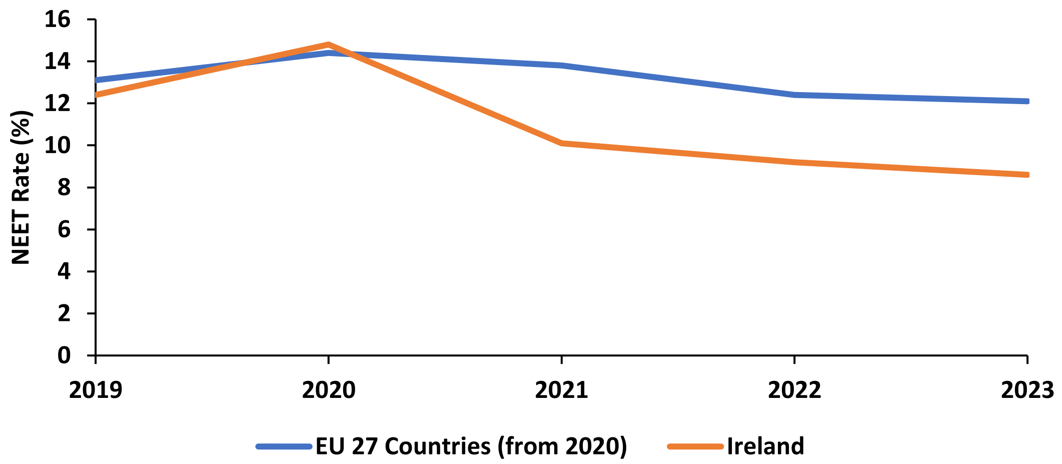




Source: CSO

Between 2019 and 2024, the growth rate in employment was strongest among those aged 17 or less, increasing by 96% from 16,300 to 31,900. Employment of persons aged 18 and 19 also increased significantly by 61% and 36%, respectively. In parallel to the rise in youth employment from 2021, the number of individuals between 18 and 24 years of age not in education, employment, or training (NEET) fell from a peak of 14.8 % to 8.6 % in 2023. Encouragingly the proportion of young people in Ireland between 18 and 24 not in education, employment, or training is well below the EU average.

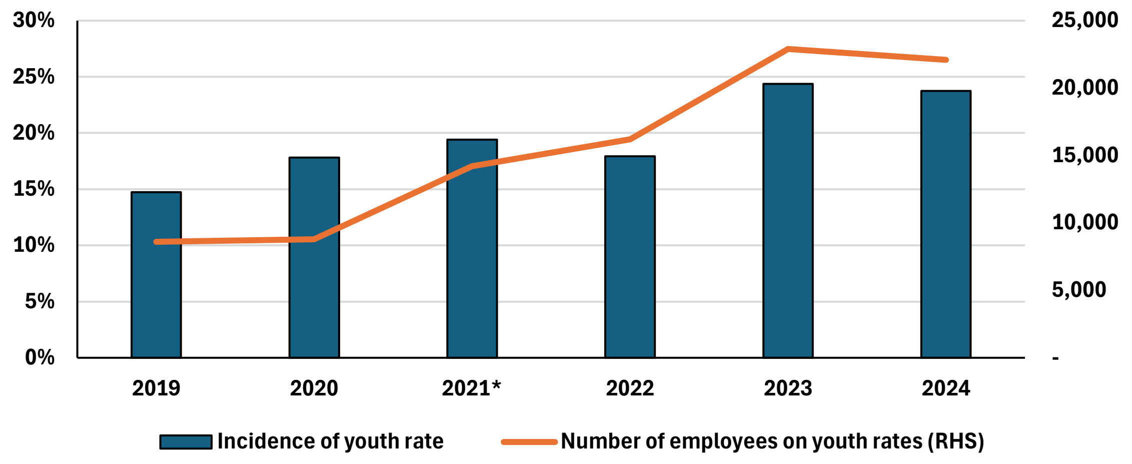
Figure 1.3: Young Persons aged 18-24 neither in employment nor in education and training, 2019-2024



Source: Eurostat

Figure 1.4 shows that the number of employees on the sub-minimum youth rate has grown significantly since 2019 when the policy change was introduced. From 2019 to 2024 the numbers have increased from 8,600 to 22,100. The rate of increase in the numbers on the youth rate has outstripped the overall rate of employment growth of youth employees shown in Figure 1.2. As such, the incidence of the youth rate i.e. the proportion of young employees on the youth rate has increased over this period, from approximately 15% in 2019 to just under 24% in 2024.

Figure 1.4: Incidence of Youth Rate, 2019-2024



** Indecon estimate used in 2021 due to partially redacted CSO data in this year*
Source: CSO

While across the economy, only one in four youth employees are paid the sub-minimum rate, this varies widely by age group. The use of sub-minimum rates is highest among those aged less than 18 years, with 46.0% of employees being paid the sub-minimum rate. In 2024, 19.0% of 18-year-olds and 6.8% of 19-year-olds were remunerated at the sub-minimum rate.

Table 1.2: Incidence of Sub-minimum Age-based Rates by Age, 2024

	Total all sectors
Under 18 years of age	46.0 %
18 years	19.0 %
19 years	6.8 %
Total 19 years of age or younger	23.7 %

Source: CSO

1.4 Report Structure

The remainder of the report is organised as follows.

- Section 2: Youth Employment and Incidence of Youth Rates in Ireland
- Section 3: Policies Impacting Firm Costs Over the Last Five Years
- Section 4: International Evidence
- Section 5: Impact of Changes to Sub-Minimum Wage
- Section 6: Key Findings and Recommendations.

1.5 Acknowledgements

Indecon are very appreciative of the assistance of the CSO in providing detailed new data to inform our analysis. We would also like to acknowledge the assistance provided by officials in the Department of Enterprise, Tourism and Employment. The analysis has also benefitted from previous work completed by the ESRI and by a number of academic economists. The usual disclaimer applies, and the analysis is the sole responsibility of Indecon research economists.

2 Youth Employment and Incidence of Youth Rates in Ireland

2.1 Introduction

This section presents the latest data on the number of youth workers and those on the youth rate in Ireland. This includes a breakdown of youth and youth rate employment across geographic regions, sectors and firm type. The incidence of youth rates on the basis of these characteristics is relevant in evaluating the likely economic impacts for different areas of the economy.

2.2 Youth Employment by Sector, Firm Type and Location

Where young employees work

Of note is that youth employment is disproportionately concentrated in the Accommodation & Food and Wholesale & Retail sectors. As shown in Table 2.1, over 62% of all employees aged 19 or younger (31.6% in Accommodation & Food and 30.7% in Wholesale & Retail) work in these sectors. This compares to less than 20% for employees of all ages.

Table 2.1: Youth Employment by Sector, 2024

	Accommodation & Food	Wholesale & Retail	All sectors total
Youth employment ('000s)	29.4	28.6	93.1
Proportion of youth employees working in the sector %	31.6%	30.7%	100%
Total employment ('000s)	170.7	294.2	2,386.8
Proportion of employees of all ages working in the sector %	7.2%	12.3%	100%

Source: CSO
Note: Youth employment is defined as employees under the age of 20 irrespective of the wage rate.

Table 2.2 shows the concentration of youth employment by firm size. Youth employment is disproportionally concentrated in small firms[11] compared to larger entities. Over three-quarters of all employees aged 19 or younger work in a small firm, compared to less than half of employees of all ages. Again, the Accommodation & Food and Wholesale & Retail sectors feature prominently; small firms in these sectors account for 47.9% of all youth employment. This highlights the importance of

[11] Small firms are defined as those with fewer than 50 employees.

small firms in these sectors in providing employment opportunities for young employees. This reinforces the importance of assessing the economic impact of proposals impacting on costs for these firms in line with the Government's 'Think Small First' principle.[12]

Table 2.2: Youth Employment by Firm Type, 2024				
	Small Enterprises	Small enterprises Accommodation & Food	Small enterprises Wholesale & Retail	All enterprises total
Youth employment ('000s)	70.3	23.4	21.2	93.1
Proportion of youth employees working in firm type %	75.5%	25.1%	22.8%	100.0%
Total employment ('000s)	1,157.6	117.1	200.1	2,386.8
Proportion of employees of all ages working in firm type %	48.5%	4.9%	8.4%	100.0%

Source: CSO
Note: Youth employment is defined as employees under the age of 20 irrespective of the wage rate.

Table 2.3 shows the number and distribution of youth employees across regions in the State. These estimates were derived by applying the distribution of employees of all ages across geographies to the total youth workforce. The highest level of youth employment is in Dublin (28,000 employees aged 19 or younger), followed by the Mid-East and South-West regions with 14,000 and 13,000 employed in these regions, respectively. The other regions are each estimated to account for less than 10% of youth employment.

[12] This principle of considering the impact on SMEs of policy changes prior to implementation was accepted by the Government following a recommendation by the National Competitive Council in 2024.

Table 2.3: Estimated Youth employment by Region, 2024		
Region	**Youth Employees ('000s)**	**% of total**
Dublin	28	30%
Mid-East	14	15%
South-West	13	14%
Mid-West	9	10%
West	9	9%
South-East	8	8%
Border	7	8%
Midland	5	6%
Total	**93**	100%

Source: Indecon analysis of CSO data
Note: Youth employment is defined as employees under the age of 20 irrespective of the wage rate.

Table 2.4 shows that employees aged 19 or younger represent 17% of total employment in the Accommodation & Food sector. That is over one in every six employees in this sector are less than 20 years of age, compared to less than one in twenty in the whole economy. This underlines the disproportionate reliance of this sector on youth employment. The Wholesale & Retail sector is less reliant on youth employment than Accommodation & Food, but still more than twice as much as the whole economy, with one in ten employees aged 19 or less in 2024.

Table 2.4: Share of Youth employment in Total Sector Employment, 2024			
Sector	**Youth Employment ('000s)**	**Total Sector Employment ('000s)**	**% of Sector Employment**
Accommodation & Food	29	171	17%
Wholesale & Retail	29	294	10%
All sectors total	93	2,387	4%

Source: CSO
Note: Youth employment is defined as employees under the age of 20 irrespective of the wage rate.

The importance of youth employment for these sectors is even greater for small firms. Table 2.5 shows that the percentage of employees under 20 years of age increases to 20% in the Accommodation & Food sector when restricting the analysis to small firms. The table also shows that the reliance on youth employment is higher in smaller firms at 6% compared to 4% for all firms in Table 2.4.

Table 2.5: Share of Youth Employment in Small Firms Employment by Sector, 2024			
Sector	**Youth Employment in Small Firms ('000s)**	**Total Small Firms Employment ('000s)**	**% of Small Firms Employment**
Accommodation & Food	23	117	20%
Wholesale & Retail	21	200	11%
All sectors total	70	1,157	6%

Source: Indecon analysis of CSO data
Note: Youth employment is defined as employees under the age of 20 irrespective of the wage rate.

2.3 Youth Rate Incidence by Sector, Firm type and Location

While the significance of youth employment by sector is important, it is more relevant to this study to examine the degree of youth rate utilisation by firms in these sectors. Table 2.6 shows that Accommodation & Food has a relatively high usage of sub-minimum rates for youth employees, with 30.8% of these employees being paid the sub-minimum rate. This sector not only accounts for the largest share of youth employment but also has the highest incidence of sub-minimum rates. It should, however, be noted that even in this sector, only 9,000 out of a total of 171,000 employees in this sector are on the sub-minimum youth rates, corresponding to 5.3% of all employees working in the sector.

Table 2.6: Incidence of Sub-minimum Age-based Rates by Sector, 2024			
	Accommodation & Food	**Wholesale & Retail**	**Total all sectors**
Youth employment ('000s)	29.4	28.7	93.1
Youth rate employment ('000s)	9.0	7.1	21
Incidence %	30.8%	24.6%	23.7%

Source: CSO

Table 2.7 shows that the incidence of the youth rate in small firms was 26.3% in 2024, slightly higher than that of firms of all sizes. Small firms employ 7,400 of the 9,000 (82%) sub-minimum youth rate employees in the Accommodation & Food sector, and 6,100 of the 7,100 (86%) sub-minimum youth rate employees in the Wholesale & Retail sector.

Table 2.7: Incidence of Sub-minimum Age-based Rates in Small Firms by Sector, 2024			
	Accommodation & Food	**Wholesale & Retail**	**Total all sectors**
Youth employment ('000s)	23.4	21.2	70.3
Youth rate employment ('000s)	7.4	6.1	18.5
Incidence %	31.8 %	28.8 %	26.3 %
Source: Indecon analysis of CSO data.			

The average incidence rates by sector mask a high degree of differentiation by age, as shown in Table 2.8. The incidence of sub-minimum youth rates is highest for employees under the age of 18; economy-wide, 46% of employees under the age of 18 are paid at this rate, compared to only 19% of 18-year-olds and 6.8% of 19-year-olds. Incidence is higher in the Accommodation & Food and Wholesale & Retail sectors, reaching almost 58% for employees under the age of 18 in the Accommodation & Food sector.

Table 2.8: Incidence of Sub-minimum Age-based Rates by Sector and Age, 2024			
	Accommodation & Food	**Wholesale & Retail**	**Total all sectors**
Under 18 years of age	57.7 %	49.3 %	46.0 %
18 years	25.6 %	21.6 %	19.0 %
19 years	10.6 %	8.2 %	6.8 %
Total 19 years of age or younger	30.8 %	24.6%	23.7%
Source: CSO			

A breakdown of employment on sub-minimum rates by age and sector is provided in Table 2.9. This shows the prevalence of the use of sub-minimum wages among employees aged less than 18, with almost 70% of sub-minimum rate employees belonging to the youngest cohort.

Table 2.9: Numbers on Sub-Minimum rates by Sector and Age, 2024 ('000s)			
	Accommodation & Food	**Wholesale & Retail**	**Total all sectors**
Under 18 years of age	6.1	4.4	14.7
18 years	2.0	1.8	5.1
19 years	1.0	0.9	2.3
Total 19 years of age or younger	9.1	7.1	22.1

Source: Indecon analysis of CSO data.

As a result of the high share of young employees as well as the high incidence of youth rates in the Accommodation & Food sector, the proportion of employees on the youth rate is relatively high in this sector (Table 2.10). Overall, firms in labour-intensive, low-margin sectors are more likely to employ sub-minimum rate employees. The second highest sector by sub-minimum rate employment, Wholesale & Retail, employs 7,100 employees at the reduced rates, corresponding to 2.4% of all employees in the sector, followed by the Arts, Entertainment, and Recreation sector (1,400 sub-minimum wage employees, or 3.2% of its workforce). Another sector with a relatively high proportion of youth rate employees is Agriculture, Forestry, Fishing, & Mining, which employs 700 employees on youth rates, 2.4% of total employees in the sector.

Table 2.10: Total Paid Employment and Youth Rate Employment by Sector, 2024			
Sector	**Employment (000's)**	**Youth Rate Employment (000's)**	**% on Youth Rate**
Accommodation & Food	170.7	9.0	5.3
Wholesale & Retail	294.3	7.1	2.4
Arts, Entertainment & Recreation	44.0	1.4	3.2
Agriculture, Forestry, Fishing, Mining	29.0	0.7	2.4
Human health and social work activities	353.0	0.0	0.0
Transport	98.2	0.7	0.7
Manufacturing	272.7	0.8	0.3
Other sectors	1,118.9	2.2	0.2
All sectors total	**2,386.8**	**22.1**	**0.9**
Source: CSO			

The difference between youth employment and youth rate employment is particularly important when differentiating by geographical area. Despite the low incidence rate in the Dublin Region, the large share of youth employees estimated to work in the capital means that the largest share of youth rate employees are in Dublin (22%), followed by the South-West (18%) and the Mid-East Regions (13%). The incidence of sub-minimum rates is highest in the Border Region, as well as the South-West, South-East, and West Regions.

Table 2.11: Incidence of Sub-minimum Age-based Rates by Region, 2024

	Youth Employees (000's)	Incidence of Youth Rates (%)	Youth Rate Employees (000's)	Distribution of Youth Rate employees (%)
Dublin	28	17	4.9	22
South-West	13	29	4.0	18
Mid-East	14	20	2.8	13
West	9	27	2.4	11
Border	7	31	2.2	10
Mid-West	9	24	2.2	10
South-East	8	28	2.2	10
Midland	5	25	1.4	6
Total	**93**	**24**	**22.1**	**100**

Source: Indecon analysis of CSO data.
Note: Assumption made that age distribution is the same across regions. Employment data based on Q2 2024.

2.4 The profile of sub-minimum rate employees

The ESRI examined youth workers aged 15–19 and their likelihood of receiving different wage levels.[13] These employees were grouped into four categories:

1. Those receiving the sub-minimum youth rate;
2. Those receiving another wage below the national minimum wage (but not the youth rate);
3. Those receiving the national minimum wage; and
4. Those earning above the minimum wage.

Between Quarter 3 of 2019 and Quarter 4 of 2022, most employees receiving the sub-minimum youth rate were female (55%), with the majority working in the accommodation or retail sectors (77%) and also being students (77%). The ESRI paper suggested that young employees earning the national minimum wage share a similar profile: 52% are female; 73% work in Accommodation, Food, or Retail; and 67% are students.

Young employees earning below the minimum wage but not the designated youth rate exhibit a markedly different composition. Only 18% are female, 24% work in Accommodation, Food, or Retail, and just 24% are students. This group likely includes apprentices, those working for relatives, or those exempt under “other” reasons. The ESRI suggests that this category primarily comprises young men working as apprentices.

[13] Redmond, P., Staffa, E., Ciprikis, K., McGuinness, S., and Gilmore, O. (2023). Sub-minimum wages in Ireland , ESRI Research Series 167, Dublin: ESRI, https://doi.org/10.26504/rs167

Among young employees earning above the minimum wage, 50% are female, 58% work in Accommodation, Food, or Retail, and 57% are students. While still dominated by students and service-sector roles, this group is slightly more gender-balanced and marginally less concentrated in student status and specific sectors.

To estimate the likelihood of a young employee receiving the sub-minimum rate, the ESRI applied a probit regression model. This model includes variables such as gender, nationality, sector, firm size, economic activity, and the year of observation. The results showed that only two variables were statistically significant predictors of receiving the sub-minimum youth rate:

- Employment in the Accommodation, Food, and Retail sectors; and
- Student status.

In short, being a student and working in accommodation, food, or retail significantly increases the likelihood of receiving the youth rate, irrespective of other characteristics.

This reinforces the view that sub-minimum youth wage earners are primarily students, often working part-time while continuing in education.

The significance of student status is corroborated by more recent CSO data. Among student employees under the age of 20, 29.2% receive the youth rate, compared to just 14.7% of non-student employees in the same age group. The rate is especially high among younger student employees, 47% of those under 18 are on the youth rate, compared to only 8.6% of 19-year-old students. This suggests that the use of the youth rate declines as young employees approach adulthood and exit full-time education. Among non-students, female workers are more likely to be on the sub-minimum wage than male workers.

Table 2.12: Youth rate incidence by age, gender and student status (2024)

		Student (%)	Non-student (%)
Under 18 years of age	**Male**	47.1	39.1
	Female	47.3	44.1
	Total	47.2	41.3
18 years	**Male**	21.7	13.2
	Female	21.4	18.7
	Total	21.5	15.5
19 years	**Male**	6.8	3.9
	Female	10.3	6.4
	Total	8.6	5.0
Total under 20	**Total**	29.2	14.7

Source: CSO

2.5 Summary of Key Points

- Youth employment is disproportionately concentrated in the Accommodation & Food and Wholesale & Retail sectors. While these sectors employ 19% of all employees, they employ 62% of all employees aged 19 or younger.
- Small firms in the Accommodation & Food and Wholesale & Retail sectors account for 48% of all youth employment, whereas only 13.5% of total employment comes from small enterprises in these sectors.
- This highlights the outsized role these sectors play in providing employment opportunities for young employees, particularly within smaller firms.
- There were over 22,000 employees on sub-minimum youth rates in 2024. This is equivalent to 0.9% of the entire workforce.
- The Accommodation & Food sector not only has the highest share of youth employment but also the highest incidence of sub-minimum rates. In 2024, 9,000 employees were on the sub-minimum wage in this sector, and 7,100 in the Wholesale & Retail sector. It should, however, be noted that even in the Accommodation and Food Sector this represents only a small portion of the total number of employees (9,000 out of a total of 171,000).
- The incidence of sub-minimum youth rates is highest for employees under the age of 18. Overall, 46.0% of employees under the age of 18 are paid the sub-minimum rate, compared to only 19.0% of 18-year-olds and 6.8% of 19-year-olds. Incidence among employees aged 17 or younger is even higher in the Accommodation & Food and Wholesale & Retail sectors, at 58% and 49%, respectively.
- The incidence of the youth rate in small firms was 26% in 2024, slightly higher than that for firms of all sizes. However, since youth employment is particularly concentrated in smaller firms, these firms employ 82% (7,400) of the 9,100 sub-minimum rate employees in the Accommodation & Food sector, and 86% (6,100) of the 7,100 sub-minimum rate employees in the Wholesale & Retail sector.
- The main predictors of being paid the sub-minimum youth rate are student status and working in the Accommodation, Food and Retail sectors.

3 Policies Impacting Firm Costs Over the Last Five Years

3.1 Introduction

In considering the economic impact of changes to the sub-minimum youth wage rates, it is useful to note that a number of government policies and other developments designed to improve working conditions have impacted on the cost base of firms over the past five years. Such policies have economic and societal benefits and can enhance job quality and reduce inequality. An important rigorous assessment of the cumulative impact of proposed measures to improve working conditions in Ireland was undertaken by IGEES staff in the Department of Enterprise, Tourism and Employment, and in the Department of Social Protection.[14] The report noted the degree of asymmetry of impacts across sectors and the degree of heterogeneity within sectors. This is aligned with the findings of Indecon's current evaluation of the economic impact of abolition of the sub-minimum wage rates. This Chapter explores these recent policy changes and their potential impact as assessed in the IGEES report. Overall, the IGEES research suggests that recent policy initiatives to improve working conditions, if fully implemented, would increase economy-wide payroll costs between 1.8% and 2.2% by 2026 when compared to 2023.

3.2 Cumulative Impact of Policies Affecting Firms Costs

Some of the quantitative estimates presented in the IGEES report are understandably based on stylised underpinning assumptions and the numbers should therefore be seen as indicative. In some cases, there are also Government measures which would mitigate certain additional costs for employees, a fact recognised in the IGEES Report. It is also important to note that in evaluating the impact on costs, there can be benefits which need to be taken into account, but which are often very challenging to quantify. Thus, for example, changes in working conditions can impact on employee motivation and productivity and can enhance employee retention, as well as having wider societal benefits including enhancing job quality and reducing inequality.

[14] An Assessment of the Cumulative Impact of Proposed Measures to Improve Working Conditions in Ireland, Department of Enterprise, Tourism and Employment, Department of Social Protection, Working Paper, March 2025.

Table 3.1: Estimates of the Economy-Wide Impact on Wage Costs of Forthcoming Changes to Working Conditions, 2026 versus 2023 if Measures were Fully Implemented

Measure	Economy-Wide Average		
Living Wage – Direct Impact	0.62%		
Living Wage – Spillovers/Relativities	0.62%		
Public Holiday	0.09%		
Right to Request Remote Work	~0%		
Parents Leave/Benefit	~0%		
	Minimal Exposure	**Moderate Exposure**	**Significant Exposure**
Statutory Sick Pay	0.17%	0.31%	0.54%
Pension Auto-Enrolment	0.25%	0.28%	0.33%
Total	**1.75%**	**1.92%**	**2.19%**

Source: IGEES (2024)

The diversity of impact of policy measures by sector and type of firm was highlighted by the IGEES research. Some extracts from the report presented in Table 3.2 demonstrate that in some sectors the measures would have a very muted impact, while in others, impacts would be much higher.

Table 3.2: Estimates of the Cost Impact in 2024 (relative to 2023) of Forthcoming Changes to Working Conditions – Stylised Examples for Selected Sectors

	Small Hospitality Firm		Mid-Sized Retail Firm		Large ICT Firm
Measure	**Firm 1a**	**Firm 1b**	**Firm 2a**	**Firm 2b**	
Statutory Sick Pay	0.58%	0.52%	0.55%	0.48%	0%
Public Holiday	~0%	~0%	~0%	~0%	~0%
Right to Request Remote Work	~0%	~0%	~0%	~0%	~0%
Parents Leave/Benefit	~0%	~0%	~0%	~0%	~0%
Living Wage	12.39%	12.39%	9.81%	8.65%	~0%
Sub-total	12.97%	12.91%	10.36%	9.13%	~0%
Auto-enrolment retirement savings	*1.50%*	*0.75%*	*1.50%*	*1.14%*	*0%*
Sub-Total	**14.47%**	**13.66%**	**11.86%**	**10.27%**	**~0%**
Broader wage developments	*(7.88%)*	*(7.88%)*	*(6.52%)*	*(6.52%)*	
Total	**6.59%**	**5.78%**	**5.34%**	**3.75%**	**~0%**

Source: IGEES (2024)
Note: Estimates are stylised examples of firms, presented on an annualised basis.

It is also useful to consider some summary analysis of the impacts of various policy measures as presented in Table 3.3.

Table 3.3: Policies Impacting Firms' Costs in Recent Years (Implemented Policies)

Policy Area	Description	Cost Impact on Firms	Notes
Right to Request Remote Work	Introduced to support flexible arrangements	Minimal direct cost, potential admin or infrastructure burden	Supports employee flexibility; legislation only mandates a right to request
Statutory Sick Pay (SSP)	Phased in from 2023 (3 days) to 2026 (10 days)	Dependent on level of uptake and existence or otherwise of existing schemes and policies	Conditional on economic circumstances
Parent's Leave and Benefit	Incrementally extended since 2019	Operational adjustments; minimal direct cost	Funded by the State; requires advance notice and can be deferred by employer
Additional Public Holiday	Introduced St. Brigid's Day in 2023	Output loss which impact on profitability	Costs depend on sector and necessity to staff holidays
Transition to a Living Wage	NMW increases annually; target = 60% of median earnings by 2026	Higher % increase in payroll costs in low-wage sectors (excluding PRSI and spillovers)	Phased over four years; indirect impacts through wage spillovers
Sectoral/Employment Regulation Orders (SEOs/EROs)	Statutory minimum pay, sick pay, and pensions for selected sectors	Variable; based on sector-specific obligations	Applies to sectors like construction, childcare, cleaning, and security
Employer PRSI Increases (to date)	Gradual increases in employer PRSI contributions	Cost varies depending on staff wages and thresholds	Part of broader plan to secure Social Insurance Fund

Source: Indecon Analysis

The right to request remote work

The right to request remote work is governed by the Work Life Balance and Miscellaneous Provisions Act 2023, which came into effect in April 2023. It allows employees with at least six months of service to formally request remote work, which employers are required to consider. Employers may refuse the request on reasonable business grounds, such as operational needs or cost burdens. Importantly, this legislation provides a right to request, not a right to remote work.

It is expected that this policy imposes minimal direct costs on firms. In sectors where remote work is suitable, it may even be associated with productivity gains. Existing estimates suggest a negligible impact on payroll costs and similar economy-wide effects. Where costs are present, they are likely to stem from the administrative burden of processing requests and establishing internal procedures. Broader indirect impacts may include reduced footfall in sectors like hospitality and retail, though these effects have not been quantified. The policy is not anticipated to significantly affect employers of minimum or sub-minimum wage employees.

Statutory sick pay

Statutory Sick Pay (SSP) was introduced under the Sick Leave Act 2022 and applies to employees who have completed at least 13 weeks of continuous employment. From 2024, employees have been entitled to receive 70% of their normal weekly earnings for up to five days of certified sick leave per year, subject to a maximum payment of €110 per day. While there were plans to increase the entitlement to seven days in 2025 and ten days in 2026, these phases have been paused.

The introduction of SSP shifts the cost burden of short-term sick leave from the State to employers, particularly for firms that did not previously offer any sick pay scheme. The financial impact on employers varies by wage level and sick leave incidence. For example, it is estimated that providing five days of sick pay to a minimum wage employee would cost a business approximately €288 per employee. If the entitlement were to increase to ten days, the cost could rise to €576 per employee. These figures translate into an increase of approximately 1.3% to 2.7% in payroll costs for minimum wage employees, depending on the duration of paid sick leave.

At an economy-wide level, the impact on overall annual wage costs will depend on how frequently employees avail of sick leave and on prevailing wage levels. In addition to direct payroll costs, employers may also incur administrative expenses, particularly if they are establishing sick pay systems for the first time. An increase in sick leave incidence due to improved entitlements may also lead to operational disruptions. Nonetheless, the policy may yield productivity and retention benefits. Improved access to paid sick leave can reduce absenteeism, contributing to a healthier workforce. It may also support staff retention, especially in small businesses where high turnover is particularly costly.

Given the recent pausing of the policy's phased expansion, it is expected that the actual cost to employers by 2026 will be lower than initially projected. The policy is likely to have an impact on employers of sub-minimum wage who previously did not provide sick pay.

Parent’s leave and benefits

Parent's leave and benefits are statutory entitlements designed to support parents in spending time with a newborn or adopted child. Parent's leave is available to all employed and self-employed parents of children born or adopted on or after 1 November 2019. As of 2024, the leave entitlement has increased from five to seven weeks. This leave must be taken within the first two years of the child’s birth or adoption.

The leave is publicly funded through Parent’s Benefit, administered by the Department of Social Protection. Eligible parents receive a weekly payment of €274, subject to having made at least 39 Pay-Related Social Insurance (PRSI) contributions in the relevant period. Parent’s Benefit is only available to individuals who are on approved parental leave.

From an employer perspective, there is no obligation to pay wages during the period of parental leave, as the benefit is state funded. As a result, it is expected that the policy does not impose direct payroll costs on employers. Where costs are incurred, these typically relate to administrative responsibilities and other costs needed to accommodate staff absences, for instance where employers hire temporary staff to cover absences.

These administrative costs are difficult to quantify at a macro level, and economy-wide estimates are not currently available. However, several policy design features help mitigate the impact on businesses. Employees are required to give six weeks' advance notice prior to taking leave, and employers are permitted to postpone the leave by up to 12 weeks.

The policy may also confer indirect benefits for employers. Supporting parents during the early stages of a child's life can promote employee well-being, reduce stress, and enhance work-life balance, which may contribute to higher staff retention and job satisfaction. The measure is unlikely to have significant implications for sub-minimum wage employers.

An Additional Public Holiday

The addition of St. Brigid's Day (01 February) as a permanent public holiday in Ireland in 2023 increased the total number of public holidays to ten. This aligns Ireland with the OECD and U.S. averages but remains below the European Union average of twelve. In comparison, the UK has eight public holidays.

Firm-level costs associated with the new public holiday are expected to be limited in terms of direct payroll expenditure, as most businesses are accustomed to managing public holidays and do not incur extra wage costs when closed. However, for such firms, the holiday will likely result in a loss of productive output due to one fewer working day. For sectors that operate on public holidays—such as retail and hospitality—labour costs may increase, but these may be offset by higher customer demand. Under employment legislation, full-time employees who work on a public holiday are entitled to an additional full day's pay.

The effects are expected to vary across sectors. Manufacturing is likely to experience production slowdowns, while agriculture may be less affected. Sectors such as accommodation and retail may benefit from increased demand but are also likely to face higher labour costs during the holiday period.

National Living Wage

Ireland's commitment to introducing a national living wage is intended to replace the current National Minimum Wage, which stands at €13.50 per hour as of October 2025. The proposed Living Wage would be set at 60% of median hourly earnings, which is currently estimated to fall between €14.80 and €15.50 per hour. Full implementation of this initiative has been delayed from 2026 out to 2029.[15]

The transition to a living wage was expected to increase labour costs for employers, particularly in sectors that are labour-intensive and operate on narrow profit margins, such as hospitality and retail.

Employer PRSI increases

Employer Pay-Related Social Insurance (PRSI) contributions are a key component of funding Ireland's social protection system, including pensions, and other social benefits. Recent policy developments

[15] 'Minister for Enterprise, Tourism and Employment, Peter Burke announces government approval to accelerate the development of a new whole-of-government Action Plan on Competitiveness and Productivity' April 2025

have introduced gradual increases in employer (and employee) PRSI rates to support the sustainability of these systems amid demographic shifts, including an ageing population.

As of January 2025, employers paid a PRSI contribution of 8.9% for employees earning up to €527 per week. For employees earning above that threshold, the applicable rate was 11.15%. These rates increased by 0.1 percentage points from October 2025, reaching 9.0% and 11.25%, respectively. The earnings threshold for the lower rate was raised from €496 to €527 in line with the increase in the national minimum wage to €13.50 per hour, in 2025.

Pension auto-enrolment

The automatic enrolment retirement savings scheme is scheduled to commence in 2026 and represents a long-standing policy objective of the Irish Government, first outlined in the Roadmap for Pensions Reform 2018–2023 and reaffirmed in the Programme for Government: Our Shared Future. The initiative aims to address low pension coverage among private sector employees and bolster long-term financial sustainability in light of Ireland's ageing population.

Under the scheme, employees aged between 23 and 60 who earn at least €20,000 annually will be automatically enrolled. This applies whether earnings are from a single job or aggregated across multiple employments. Employees will retain the option to opt-out after a mandatory participation period. Contributions will be made by the employee and the employer based on gross earnings up to €80,000, with the State providing an additional contribution equal to one-third of the employer's input.

The scheme will be phased in over a ten-year period. Employer contributions will start at 1.5% of gross wages in the first three years, increase to 3% in years four through six, then to 4.5% in years seven through nine, and ultimately reach 6% from year ten onwards. The full standard contribution—combining employee, employer, and State contributions—will amount to 14% of gross wages.

The impact of this policy will vary by sector and existing pension provision. Employers already offering pension schemes or with employees earning less than €20,000 annually are likely to be least affected. In contrast, sectors with a high concentration of low-wage employees (earning above €20,000) and limited existing pension coverage—such as the Wholesale and Retail Trade sector, which is projected to include 21.8% of all auto-enrolled employees—are expected to be most affected.

The auto-enrolment scheme will likely influence the cost structures of employers who predominantly hire sub-minimum wage or low-paid employees, especially those without existing retirement savings arrangements.

Stylised Impacts by Sector

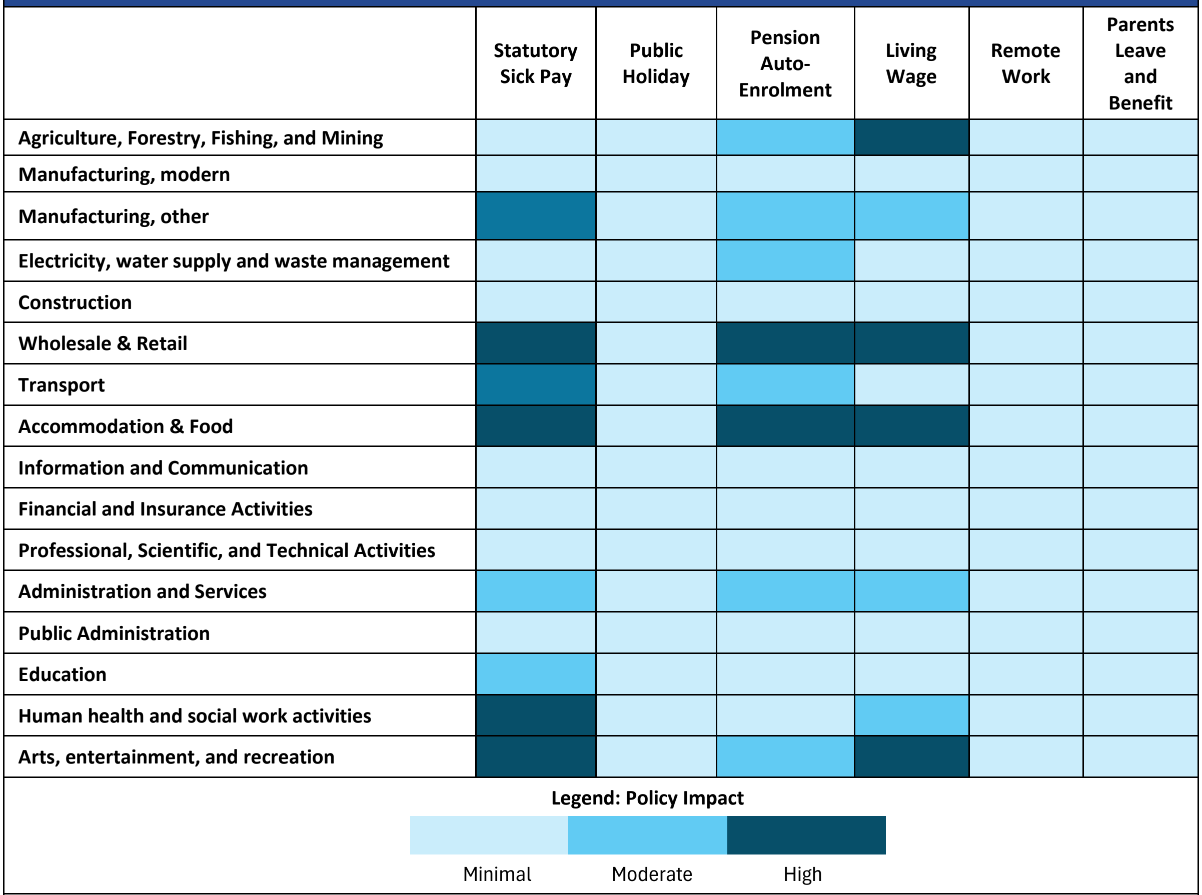
To capture sectoral differences in the effects of these policy changes, IGEES conducted a qualitative analysis to assess how various measures might influence employers across different sectors. The three policies projected to impose the most significant costs are statutory sick pay, pension auto-enrolment, and the introduction of a national living wage. In contrast, other measures (including the additional public holiday, the right to request remote work, and statutory parent's leave and benefit) are not expected to materially affect most employers.

With respect to statutory sick pay, the sectors most likely to experience the greatest impact include Wholesale & Retail; Accommodation & Food; Human Health & Social Work; and Arts & Entertainment. These sectors tend to have lower baseline levels of sick leave coverage and a higher proportion of lower-paid roles. Sectors where the policy is expected to have a more limited impact include Manufacturing, Transport & Storage; Administrative & Support Services; and Education.

The introduction of auto-enrolment is also likely to disproportionately affect sectors with lower wage levels and limited pension coverage. These include Wholesale & Retail and Accommodation & Food, where employer-sponsored pension arrangements are currently less common. In contrast, sectors with higher pay and existing pension arrangements—such as Financial Services, Public Administration, and Professional Services—are expected to experience minimal disruption.

The transition to a living wage is expected to affect labour costs most significantly in Agriculture; Wholesale & Retail; Accommodation & Food; and Arts & Entertainment. These sectors typically have higher concentrations of minimum wage or low-paid employees. Sectors such as Manufacturing (non-food); Transport & Storage; Administrative Services; and Health & Social Work are expected to experience more modest impacts.

Figure 3.1: Qualitative Summary of IGEES Findings on Impact of Recent Policy on Different Sectors



Source: IGEES' Assessment of the Cumulative Impact of Proposed Measures to Improve Working Conditions in Ireland p14.

3.3 Summary

- In considering the economic impact of changes to the sub-minimum youth wage rates, it is important to note that a number of other government policies and external developments have impacted on the cost base of firms over the past five years.
- Recent work conducted by the IGEES (March 2024) considered the costs of recent policy changes aimed at improving working conditions in Ireland. While there are significant benefits to such policies, they impose costs for firms, and these costs can be especially high for certain businesses operating in low-margin sectors.
- The three policies which were judged to carry higher costs for some sectors are statutory sick pay, pension auto-enrollment, and the living wage policy. Other schemes such as an extra public holiday, remote work, and parents' benefits are expected to have less of an effect on employers.

4 International Evidence

4.1 Introduction

The international literature on the impacts of sub-minimum youth rates reported in the ESRI analysis for the Low Pay Commission indicated diverse results with one study suggesting positive employment effects from the presence of sub-minimum youth rates. Other studies indicated that the abolition of such rates could have some negative employment effects. It is also useful to consider any proposed changes in the sub-minimum rates in the context of the overall minimum statutory rates. Ireland currently has a higher minimum wage (expressed in euro) than 14 of the other comparator 16 countries examined. Even when adjustments are made for purchasing power parity, Ireland's statutory minimum wage is higher than most of the other countries. In some of the countries where age-based rates do not exist, minimum rates, as noted above, are very low compared to Ireland. The evidence also shows that youth minimum wage rates are uncommon in Europe as distinct to a uniform national minimum wage. However, there are seven countries which use these rates, namely, Ireland, the Netherlands, the United Kingdom, Luxembourg, Belgium, France, and Cyprus. In Germany, the minimum wage does not apply to individuals under the age of 18.

Table 4.1: Minimum Wage Rates in Other Countries				
Country	**€ Monthly minimum wages**	**PPP Monthly minimum wages**	**€ Monthly minimum wage (under 18)**	**€ Monthly minimum wage (18-19)**
Luxembourg	€2,638	1,969	€1,900	€2,375
Ireland	€2,282	1,664	€1,597	€1,940
Netherlands	€2,193	1,875	€760	€1,206
Germany	€2,161	1,992	None	None
Belgium	€2,070	1,764	€1,449	€1,697
France	€1,802	1,606	€1,442	€1,622
Spain	€1,381	1,517	-	-
Slovenia	€1,278	1,427	-	-
United States	€1,210	837	-	-
Poland	€1,091	1,523	-	-
Lithuania	€1,038	1,264	-	-
Portugal	€1,015	1,170	-	-
Cyprus	€1,000	1,076	€900	€900
Croatia	€970	1,298	-	-
Greece	€968	1,129	-	-
Malta	€961	1,056	**-**	-
United Kingdom	€2,317		€1,295	€1,742
Source: Eurostat, UK Government,[16] and Indecon calculations.				

4.2 Sub Minimum Wage Rates in Other Countries

Table 4.2 summarises some qualitative differences in minimum and sub-minimum wage policies in Europe. Six countries do not have a minimum wage policy regime in place, and minimum wages are instead agreed on a sector-by-sector basis through collective agreements. In some of these collective agreements, lower youth-based rates are applied.

Of the 22 countries which have a minimum wage, seven countries (including Ireland) have different rules for youth employees, though there are important differences, especially in the age thresholds used to define “youth” employees. In Germany, the minimum wage does not apply to employees under the age of 18.

The remaining 15 countries with a minimum wage apply the national minimum wage to all employees. As mentioned previously, several countries have removed and redefined youth categories in recent years. For example, in 2024 the UK reclassified 21- and 22-year-olds as adult employees, bringing them onto the full adult minimum wage rate where previously they were subject to a lower rate.

[16] UK Government National Minimum Wage Rates are available here https://www.gov.uk/national-minimum-wage-rates

Table 4.2: Country differences in minimum wage policy			
Country	**Statutory Minimum Wage**	**Age-Based Rates**	**Notes**
Austria	No	Varies by sector	Minimum wages set via collective agreements; some have youth rates.
Belgium	No	Yes	Age-based rates from 16 to 21, adjusted with seniority in job.
Bulgaria	Yes	No	Uniform minimum wage applies to all employees.
Croatia	Yes	No	No age-based differentiation.
Cyprus	Yes	Yes	Lower rate (€900) for first 6 months of employment, then €1,000.
Czech Republic	Yes	No	Uniform minimum wage applies to all employees.
Denmark	No	Varies by sector	Minimum wages set via collective agreements; some have youth rates.
Estonia	Yes	No	Uniform minimum wage applies to all employees.
Finland	No	Varies by sector	Minimum wages set via collective agreements; some have youth rates.
France	Yes	Yes	Lower rates for employees under 18 with less than 6 months' experience.
Germany	Yes	No minimum wage for under 18s	Minimum wage applies to employees aged 18 and over.
Greece	Yes	No	Sub-minimum wage for under 25s abolished in 2019, but caveats exist
Hungary	Yes	No	Uniform minimum wage applies to all employees.
Ireland	Yes	Yes	Rates for under 18s, 18, and 19-year-olds are percentages of full rate.
Italy	No	Varies by sector	Minimum wages set via collective agreements; some have youth rates.
Latvia	Yes	No	Uniform minimum wage applies to all employees.
Lithuania	Yes	No	Uniform minimum wage applies to all employees.
Luxembourg	Yes	Yes	80% of minimum wage for under 18s; 90% for 18–21 year-olds.
Malta	Yes	No	Uniform minimum wage applies to all employees.
Netherlands	Yes	Yes	Youth minimum wage scaled by age from 15 to 21.
Poland	Yes	No	Uniform minimum wage applies to all employees.
Portugal	Yes	No	Uniform minimum wage applies to all employees.
Romania	Yes	No	Uniform minimum wage applies to all employees.
Slovakia	Yes	No	Uniform minimum wage applies to all employees.
Slovenia	Yes	No	Lower rates for apprentices/young employees removed in 2010.
Spain	Yes	No	Uniform minimum wage applies to all employees.
Sweden	No	Varies by sector	Minimum wages set via collective agreements; some have youth rates.
United Kingdom	Yes	Yes	National Minimum Wage rates vary by age group (16–17, 18–20, etc.).
Source: Summary of Indecon analysis			

4.3 Sub-Minimum Wage Rates in Selected Countries

Youth minimum wage rates are relatively uncommon in Europe compared to a uniform national minimum wage. Nevertheless, several countries explicitly apply them, while others, despite without formal sub-minimum youth rates, make use of them in practice. This section examines youth wage rates in greater detail across five European countries: the Netherlands, Belgium, Luxembourg, Greece, and the UK.

Netherlands

The adult national minimum wage in the Netherlands is €14.40 per hour as of July 2025 and applies to all employees over the age of 21. Employees aged between 15 and 21 can be paid a lower rate, which depends on their age. This structure is summarised in Table 4.3.

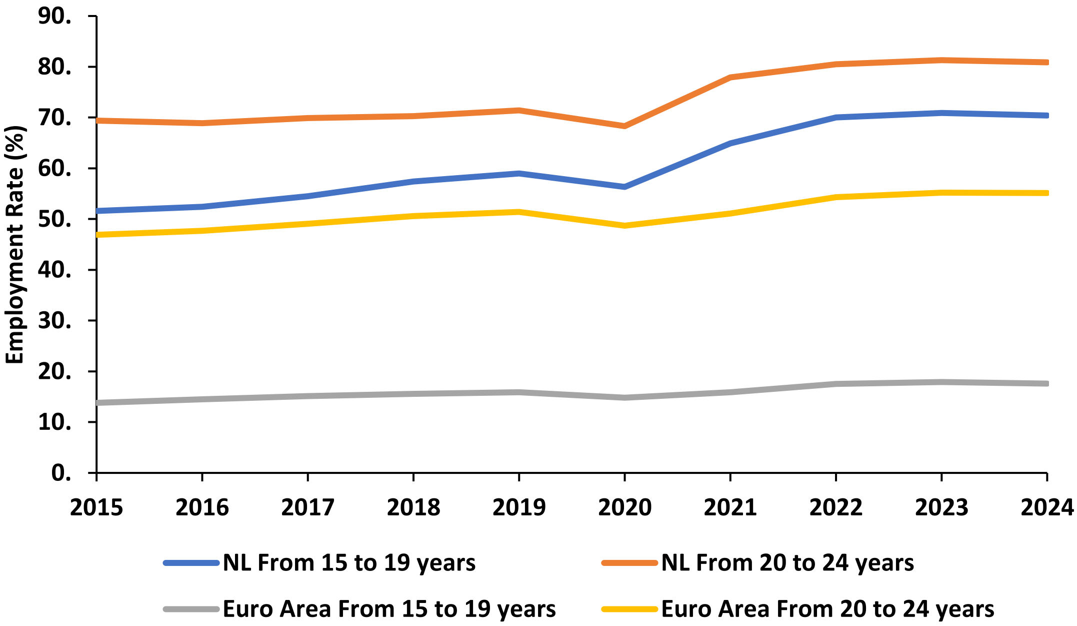
Table 4.3: Youth Minimum Wages in the Netherlands

Age	Hourly minimum wage	Portion of full NMW
21 years and older	€14.40	100.0%
20 years	€11.52	80.0%
19 years	€8.64	60.0%
18 years	€7.20	50.0%
17 years	€5.69	39.5%
16 years	€4.97	34.5%
15 years	€4.32	30.0%

Source: Government of the Netherlands

The employment rate among young employees is often low, as many individuals in this group are full-time students. However, the Netherlands has some of the highest rates of youth employment in Europe. In 2015, the employment rate among 15 to 19-year-olds was approximately 51.6%, rising to around 70.4% in 2024, and for employees aged 20-24, this has increased from 69.4% to 80.9%. This occurred alongside a series of minimum wage reforms impacting employees aged 21 or older. Since 2017, the age at which employees become entitled to the full adult minimum wage was lowered—first from 23 to 22, and then to 21 in 2019. Several policies continue to support youth employment in the Netherlands, including reduced social security contributions for younger employees and tax benefits for employers. One of the primary drivers remains strong overall demand for labour in the Dutch economy, where periods of full employment (defined as an unemployment rate below 5%) are relatively common.

Figure 4.1: Employment by age group in the Netherlands (2015-2024)



Source: Eurostat

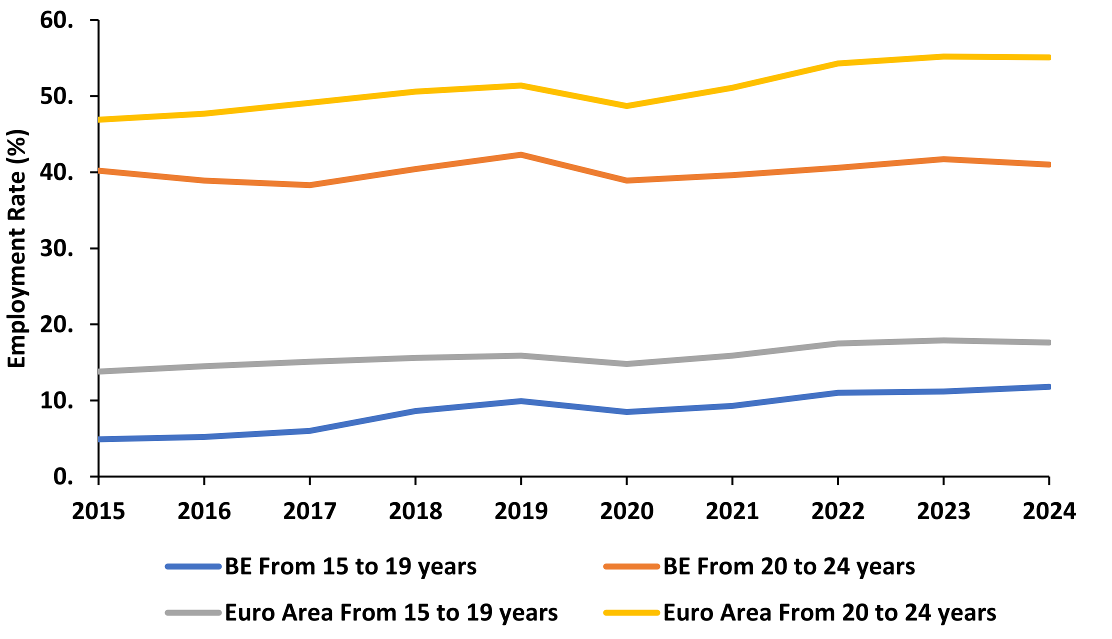
Belgium

Although Belgium does not have a legislated single statutory national minimum wage, a national collective agreement establishes a guaranteed average minimum monthly income, which functions as the statutory minimum wage and is binding across all sectors. Sectoral collective agreements may then set higher wage floors depending on the industry. Prior to 2013, Belgium applied sub-minimum youth rates to employees up to the age of 20, with wages expressed as a percentage of the national minimum monthly income. These reduced rates were phased out for employees aged 18 to 20 between 2013 and 2015. From 2021, the youth minimum wage was formally abolished. However, in practice, sector-specific collective agreements continue to allow some flexibility for part-time employees under the age of 18. These allowances reflect differences based on age and experience. For example, those under 18 starting their first formal job may be paid between 70–80% of the full adult minimum wage in that sector. More experienced employees in this age group may earn closer to 90–100%. For employees not covered by sectoral agreements, the residual youth rates linked to the 2022 minimum wage levels still apply. These rates are shown in Table 4.4.

Table 4.4: Youth minimum wages in Belgium for those not covered by industrial agreements	
Age	**Portion of full NMW**
-	100.0%
20 years old	90.0%
19 years old	85.0%
18 years old	79.0%
17 years old	73.0%
16 years old	67.0%
Source: Eurofound	

Despite these youth wage mechanisms, the overall employment rate for those under 18 remains low. Eurostat data indicates that only around 5% of individuals in this age group are employed. Most are either inactive or in education or training, which is mandatory in Belgium until age 18. The low employment rates for this group reflect a combination of education obligations and limited part-time job availability.

Figure 4.2: Employment by age group in the Belgium (2015-2024)



Source: Eurostat

Luxembourg

In Luxembourg, employees aged 15 to 17 may earn wages below the standard national minimum wage (NMW). Reduced rates apply to non-qualified young employees, and further reductions are permitted for pupils and full-time students engaged in seasonal work. Employees under the age of 16 are required to attend school and are therefore restricted to part-time employment, similar to the rules in Belgium. Seasonal employees who are full-time students are allowed to work full-time for a maximum of two months per year.

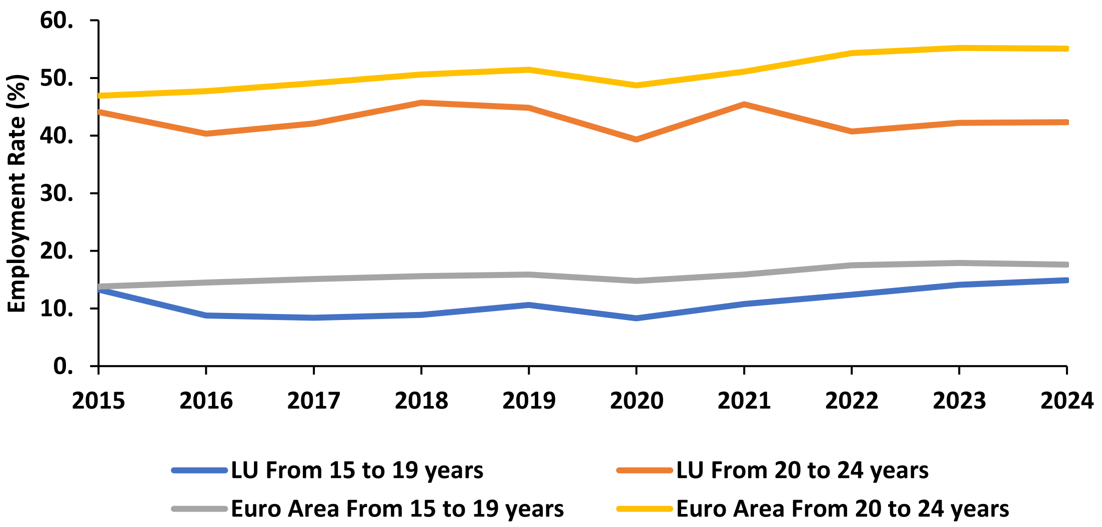
Table 4.5: Youth minimum wages in Luxembourg

Age (Non-Qualified employees)	NMW	Portion of NMW
18	€15.24	100.0%
17	€12.20	80.0%
15 and 16	€11.44	75.0%
Age (Remuneration of Pupils and Students)	**NMW**	**Portion of NMW**
18	€12.20	80.0%
17	€9.76	64.0%
15 and 16	€9.15	60.0%

Source: FEDIL's social parameters applicable from January 1st 2025

As in Belgium, the employment rate among young employees aged 15–19 in Luxembourg is significantly lower than that of employees aged 20–24. This reflects the high proportion of individuals in this age group who are either in full-time education or otherwise inactive in the labour market. Nonetheless, the participation rate for 15–19-year-olds in Luxembourg is higher than in Belgium, indicating a moderate level of youth labour market engagement within the limits of education requirements and youth employment legislation.

Figure 4.3: Employment by age group in Luxembourg (2015-2024)



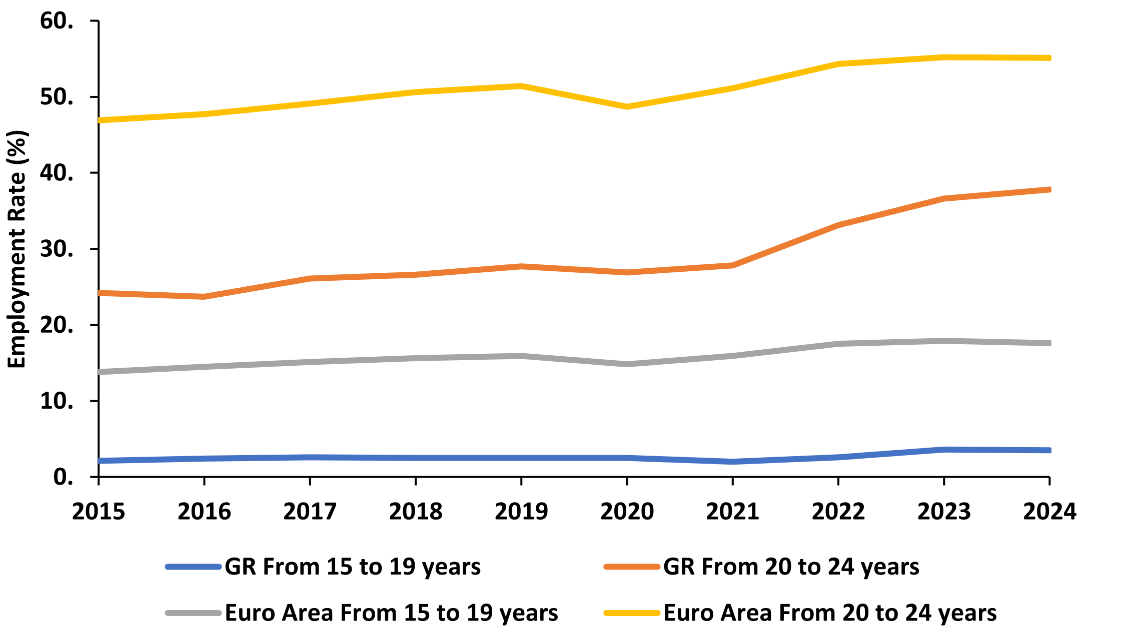
Source: Eurostat

Greece

Greece abolished its statutory sub-minimum wage in 2024. However, certain sectoral and occupational agreements continue to permit reduced wages for employees under the age of 25. These reductions are tied to employment duration and experience thresholds, effectively establishing a youth wage discount in some labour agreements.

As of 2024, the national minimum wage in Greece is set at €830 per month for unskilled employees. This wage can increase by 10% every three years for skilled employees, up to a cumulative cap of 30%. Despite the formal abolition of the sub-minimum wage, employees under age 25 may legally earn 84% of the statutory minimum wage (€697.55 per month) under specific provisions intended to address youth unemployment. These measures were retained in law and restructured under a January 2024 reform linking entry-level wages to experience. Youth employment in Greece remains among the lowest in Europe for individuals aged 15–19, reflecting both limited part-time opportunities and high rates of educational participation. However, employment rates for employees aged 20–25 have risen significantly since 2021 and are projected to continue increasing. The 2024 legal changes, which allow for experience-based wage differentiation, may support further labour market entry for younger employees by lowering initial cost barriers for employers.

Figure 4.4: Employment by age group in Greece (2015-2024)



Source: Eurostat

UK

As with several countries considered, the minimum wage in the UK depends on an employee's age and whether they are an apprentice. The minimum wage in the UK is updated annually with the 2024 update combining two age brackets. Employees aged under 18 can earn £7.55 per hour, while those aged 18-20 can earn £10.00 per hour. Employees aged 21-22 receive the national minimum wage, where previously this wage only applied to employees aged 23 and over (£12.21 per hour). Those working as apprentices earn the same rate as employees aged 18-20, £7.55 per hour.

The UK Low Pay Commission's 2025 Uprating Report sets out the April 2025 increases and provides estimates of coverage and projected pay impacts, alongside its evidence-gathering plans for the year; a separate government impact assessment notes that the LPC will undertake an assessment of the 2025 upratings impacts in Autumn 2025.

Table 4.6: Youth minimum wages in the UK

Age Group	Hourly Rate (2025)	% of Full Rate
23+ (National Living Wage)	£12.21	100.0%
21–22	£12.21	100.0%
18–20	£10.00	75.2%
Under 18	£7.55	55.9%
Apprentices	£7.55	55.9%

Source: UK Government[17]

4.4 Summary

— It is useful to consider any proposed changes in the sub-minimum rates in the context of the overall minimum statutory rates across Europe. Ireland currently has a higher minimum wage than 14 of the other comparator 16 countries examined. Even when adjustments are made for purchasing power parity, Ireland's statutory minimum wage is higher than most of the other countries. In some of the countries where age-based rates do not exist, minimum rates, are very low compared to Ireland.

— The evidence also shows that youth minimum wage rates are uncommon in Europe when compared to a uniform national minimum wage. However, there are seven countries which use this rate, namely, Ireland, the Netherlands, the United Kingdom, Luxembourg, Belgium, France, and Cyprus. In Germany, the minimum wage does not apply to individuals under the age of 18.

[17] UK Government National Minimum Wage Rates are available here https://www.gov.uk/national-minimum-wage-rates

5 Impact of Changes to Sub Minimum Wage

5.1 Impact on Firm Costs

Based on the estimate of the number of employees on the youth rate and their average hours worked per week, the total cost of employees earning the youth rate in 2024 is estimated by Indecon to be of the order of €155m per annum. Indecon's analysis assumes that if sub-minimum rates did not apply, these employees would be paid the national minimum wage of €12.70 per hour. Assuming the number of youth rate employees and the number of hours worked remains the same, total personnel costs for these employees would rise to €206m, an increase of €51m per annum.

Table 5.1: Cost of Youth Rate Employment 2024

Age Category	Hours Worked Per Annum	Youth Rates	Number of Youth Rate Employees	Cost of Employment Per Annum	Cost if NMW Per Annum	Difference
<18	650	€8.89	14,700	€85m	€121m	€36m
18	827	€10.16	5,100	€43m	€54m	€11m
19	1,050*	€11.43	2,300	€28m	€31m	€3m
Total				**€155m**	**€206m**	**€51m**

Source: Indecon analysis of CSO data
Note: *As there is no data available for the average hours worked for 19-year-olds on the youth rate, it is assumed that the average hours worked is the same as 19-year-olds currently earning the national minimum wage.

We next consider the youth rate costs in the context of total personnel costs to businesses. Personnel costs to all businesses in Ireland were €124 billion in 2024. While youth rate employment made up 0.9% of total employment in 2024, youth rate personnel costs were estimated to be just 0.13% of total personnel costs in the same year. If all those on the youth rate were instead on the national minimum wage in 2024, personnel costs would increase by 0.04%. The personnel costs of those who were previously on the youth rates would account for 0.17% of total personnel costs if they were earning the national minimum wage. It should be noted that personnel costs are only one element of total business costs and that youth rate costs as a proportion of total business costs will be significantly lower than their proportion of total personnel costs.

It should be noted, however, that while the overall impact on the Irish economy is understandably modest due to the limited share of youth rate employment in aggregate terms, the relevant consideration is not the macroeconomic effect. The more meaningful impact is at the firm level and particularly in sectors with a higher concentration of young employees, where the change in wage rates could represent a material increase in operating costs.

Wholesale & Retail and Accommodation & Food Services

As shown in section 2.3, the highest concentration of youth rates is in the Wholesale & Retail and Accommodation & Food services sectors. This means these sectors are likely to be disproportionately impacted by any change to policy on sub-minimum youth rates relative to the wider economy. Table 5.2 shows that if all those on the youth rate in 2024 were instead being paid the NMW, there would have been an additional €19m cost to businesses in the Accommodation & Food Services sector and €16m in the Wholesale & Retail Sector. Total personnel costs in the Accommodation & Food Services sector and the Wholesale & Retail Sector were €4.7 billion and €13.8 billion in 2024, respectively. Youth rates in the same year are estimated to make up 1.2% and 0.4% of total personnel costs in these sectors. If those on the youth rate were being paid the NMW, personnel costs would increase by 0.4% in Accommodation & Food and by 0.1% in Wholesale & Retail. These estimates do not include potential unintended effects of abolishing the youth rates including possible spillover effects. These effects are discussed in detail in section 5.2.

Table 5.2: Cost of Youth Rate Employment 2024: Wholesale & Retail, Accommodation & Food

Sector	Youth Rate Employment Cost per annum	As % of Personnel Costs	Cost if NMW per annum	As % of Personnel Costs	Difference
Accommodation & Food	€58m	1.2%	€77m	1.6%	€19m
Wholesale & Retail	€50m	0.4%	€66m	0.5%	€16m

Source: Indecon analysis of CSO data

Section 2.2 also showed that there is variation in the prevalence of youth rates depending on firm size and location. Youth rate employees are more important to small firms, who employ 84% of all youth rate employees. There is also significant regional variation in the employment of youth rate employees in small firms, as shown in Table 5.3.

Youth rate costs are estimated to have accounted for 3.9% of total personnel costs in small Accommodation & Food service firms in the Border region in 2024. This is in contrast to equivalent firms in Dublin, where youth rate costs represented just 1.5% of personnel costs. If those on youth rates were instead paid the national minimum wage, personnel costs in these small firms would increase by 1.1% in the Border region and by 0.5% in Dublin. Across regions, the projected increases in personnel costs for small firms range from €1 million to €3 million annually, depending on the local reliance on youth rate labour.

While these figures are modest at a national level, they can imply meaningful increases in cost burdens at the firm level. For example, a 1.1% increase in personnel costs in small firms in the Border region represents a non-negligible rise in labour costs for businesses already operating on tight margins, particularly in labour-intensive sectors such as Accommodation & Food.

These changes may have important effects in rural and economically vulnerable areas, where firm resilience and access to labour may already be constrained. In such contexts, the withdrawal of youth rates could result in not only higher operating costs but also potential employment adjustments or reduced hiring flexibility for younger employees (discussed in the following section).

Table 5.3: Cost of Youth Rate Employment 2024: Small Firms Accommodation & Food by Region

Region	Youth Rate Employment Cost per annum	As % of Personnel Costs	Cost if NMW per annum	As % of Personnel Costs	Difference
Border	€7m	3.9%	€9m	5.0%	€2m
West	€5m	3.0%	€7m	4.0%	€2m
Mid-West	€4m	2.6%	€6m	3.4%	€1m
South-East	€4m	2.7%	€5m	3.5%	€1m
South-West	€9m	3.1%	€11m	4.0%	€3m
Dublin	€9m	1.5%	€12m	2.0%	€3m
Mid-East	€8m	3.3%	€11m	4.3%	€3m
Midland	€2m	2.4%	€3m	3.2%	€1m

Source: Indecon analysis of CSO data

The analysis in this section provides an average estimate of the cost impacts across firm characteristics, taking into account sector, location, and firm size. However, even within these granular categories, significant variation between firms is likely to remain. The actual impact of policy change will therefore differ depending on a firm's specific workforce composition, wage structure, and regional economic conditions.

Forward Analysis

In addition to Indecon's estimates of direct cost impacts, we draw on the IGEES assessment of the living wage policy, which considers both direct and indirect implications for personnel costs. The IGEES report, which evaluated the impact of potential policy changes on firm costs, analysed the projected effects of the living wage policy on the minimum wage and overall personnel costs in 2026. A summary of this analysis is shown in Table 5.4. The report found that in the absence of the living wage policy, the minimum wage would increase by 17.3% in 2026 relative to 2023 due to general wage inflation. If the living wage were implemented, the minimum wage would increase by an additional 15.5 percentage points. The report further estimated that the increase in the minimum wage due to the living wage policy would result in a 1.24% increase in overall personnel costs relative to the 2023 baseline. This was composed of a 0.62% direct impact and 0.62% indirect impact.

Table 5.4: Impact of Living Wage on Firm Costs 2026 Relative to 2023			
	Minimum Wage Inflation	**Living Wage**	**Total**
Impact on National Minimum Wage	17.3%	15.5%	32.7%
Direct Impact on Personnel Costs		0.62%	
Indirect Impact on Personnel Costs		0.62%	
Overall Impact on Personnel Costs	1.38%*	1.24%	2.62%*

Source: IGEES and Indecon analysis
Note: *Indecon estimate based on IGEES Methodology

Building on these estimates, Table 5.5 presents the results of an extended forward-looking analysis that incorporates the potential impact of abolishing the youth rate. Two scenarios are examined: one in which the Living Wage policy is not implemented, meaning all employees currently on the youth rate transition to the minimum wage by 2026; and another in which the Living Wage is introduced, and youth rate employees transition to the new, higher minimum wage by 2026. In the first scenario, abolishing the youth rate without introducing the living wage would lead to a direct increase of 0.04% in personnel costs in 2026 relative to the 2023 baseline. In the second scenario, abolishing the youth rate alongside the introduction of the living wage, the resulting increase in personnel costs would be 0.07%. Both increases are modest and significantly smaller than the overall cost impact of implementing the living wage policy. However, it is important to note that this analysis does not account for sectoral, regional and firm size differences and does not include potential indirect or spillover effects from abolishing the youth rate.

Table 5.5: Impact of Abolishing Youth Rates on Firm Costs 2026 Relative to 2023			
	Youth Rate	**Abolish Youth Rate - No Living Wage**	**Abolish Youth Rate - Living Wage**
Personnel Costs 2023 (€m)	€118,004	€118,004	€118,004
Youth Rate Personnel Cost 2026 (€m)	€162	€214	€243
Overall Impact on Personnel Costs		0.04%	0.07%

Source: Indecon analysis

5.2 Unintended Effects of Sub-Minimum Wage Reforms

The explicit goals of sub-minimum wage reforms are to counteract inequality and address issues of fairness for young employees. Removing or increasing sub-minimum wages is designed to raise the wages of employees on these lower rates. However, such reforms may have unintended consequences for sub-minimum wage employees. We consider these consequences and their likelihood in this section.

The section builds on the literature review in Redmond et al, ESRI (2023b)[18] which discusses a number of research papers that empirically analyse potential unintended consequences of reforming or removing the sub-minimum wage. The authors note that results from international analysis often show a small impact, but that statistically significant estimates do point to some effects. We summarise these four articles in this section and note additional articles which consider the topic.

Spillover Impacts

Spillover impacts in the context of minimum wage policy refer to the impact on wages further up the wage distribution, i.e., for those who are paid on or above the minimum wage. There are several theoretical explanations for why spillover effects may occur. Lower skilled employees are more likely to be on minimum wages and, all else being equal, a rise in their wages increases their cost relative to higher paid skilled labour. This may increase the demand for higher paid employees up the wage distribution. Employees who are paid above the national minimum wage may also demand an increase in their pay if employees who are paid below them get an increase through an increase in the national minimum wage. A similar effect may in theory impact any changes in policy to the sub-minimum youth rates. For instance, employees currently on the national minimum wage may seek higher wages if those currently on the sub-minimum youth rate are brought up to the same level. There may also be additional demand for employees higher up the wage distribution if the cost of youth rate employees increases.

Empirical findings

While there is a substantial body of research on the impact of minimum wages on employment, the specific effects of sub-minimum or youth rates are less well-documented. Nonetheless, a number of studies have identified measurable impacts associated with changes to youth wage structures. Evidence from several papers discussed below suggests that removing youth sub-minimum wages may lead to modest reductions in youth employment, often concentrated among particular groups such as students or seasonal employees. These employment effects, while generally small in magnitude, are not uniform and can be influenced by factors such as sectoral composition, implementation design, and substitution effects. Overall, despite the absence of a strong consensus, the literature indicates that abolishing youth rates tends not to cause large or widespread job losses, though it may result in notable shifts in employment dynamics for certain groups of employees.

Hyslop and Stillman (2021)[19] examine the impact of reforms to the sub-minimum wage in New Zealand, which abolished the rate for those aged 16 and 17 in 2008. The reforms increased the

[18] Redmond, P., Staffa, E., Ciprikis, K., McGuinness, S., & Gilmore, O. (2023). Sub-minimum wages in Ireland (No. 167). Research Series.
[19] Hyslop, D., & Stillman, S. (2021). The Impact of the 2008 Youth Minimum Wage Reform in New Zealand.

earnings of these employees by 28%. However, the reforms also led to a 3-6% decrease in the employment of 16–17-year-old employees. This decline was mainly borne by students, and the reduction led to the substitution of 18–19-year-old employees. Hyslop and Stillman (2021) conclude that the negative impacts of reforms were small and mostly affected specific groups of employees.

Shannon (2011)[20] analyses the impact of the abolishment of the sub-minimum wage rate for younger teenage employees in six Canadian provinces between 1986 and 1998. The paper suggests abolishing the youth rates significantly lowered employment and working hours of 15- to 16-year-olds. In British Columbia and Ontario, the abolition or reduction may have reduced employment by 5–10 percentage points. The reforms may have also reduced weekly work hours significantly. In jurisdictions outside of British Columbia and Ontario, the results are mixed, with only partial evidence that the abolition of the rate reduced employment. The overall model suggests an 11% increase in earnings is associated with a 2-3.5% decrease in employment levels.

Neumark and Wascher (2004)[21] use OECD data to estimate the effects of minimum wages on youth employment rates, including the sub-minimum wage. They find that countries with sub-minimum wage provisions tend to have a smaller dis-employment effect for young employees when the minimum wage increases. This difference appears in raw data and in regression models which control for economic conditions and cross-country differences.

Marimpi and Koning (2018)[22] take a similar sample, studying 30 OECD countries. They note that the employment rate of young employees is higher in countries with youth minimum wages compared to countries with a uniform minimum wage. The employment rate of employees under 25 in countries with sub-minimum wages is 10 percentage points higher than in countries with uniform minimum wages. When considering the level of the sub-minimum wage, they find that a 1 percentage point increase in the youth-to-median wage ratio is associated with a 0.72 percentage point decline in youth employment.

Using data from Belgium, Novella (2018)[23] consider the impact of repealing certain sub-minimum wage rates for youth employees. The reform amounted to a 6% increase in wages for employees aged 20, a 12% increase for employees aged 19, and an 18% increase for employees aged 18. Sub-minimum wages for those under 18 remained in place. Reforms had a small positive impact on wages (3-4%) and on retention rates (the chance of remaining employed, where the effect was 3 percentage points). However, the reforms also had a negative impact on accession rates (the rate of people starting new jobs) which fell by 3 percentage points after the reforms. Overall, the paper argues that reforms had a limited impact on youth employment despite a significant rise in the youth minimum wage. Given the compensating effects of retention and accession, this suggests that the gradual repeal process and the lack of general use of the sub-minimum wage both played a part in the small effect size, where employment levels and retention levels changed little.

In Greece Kakoulidou, Konstantinou, and Moutos (2018)[24] look at the effects of introducing a sub-minimum wage in 2012 which was designed to address high youth unemployment. More specifically,

[20] Shannon, M. (2011). The employment effects of lower minimum wage rates for young workers: Canadian evidence. Industrial Relations: A Journal of Economy and Society, 50(4), 629-655.

[21] Neumark, D., & Wascher, W. (2004). Minimum wages, labor market institutions, and youth employment: a cross-national analysis. Ilr Review, 57(2), 223-248.

[22] Marimpi, M., & Koning, P. (2018). Youth minimum wages and youth employment. IZA Journal of Labor Policy, 7, 1-18.

[23] Novella, M. L. (2018). Removing youth sub-minimum wage rates in Belgium: did it affect youth employment?

[24] Kakoulidou, T., Konstantinou, P., & Moutos, T. (2018). The sub-minimum wage reform in Greece and the labour-labour substitution hypothesis (No. 7273). CESIFO working paper.

they compare employment outcomes of employees aged 22-24 to employees aged 25-27. They find no significant change in the differential of employment between age groups, no significant difference in leaving unemployment, and no significant difference in quits and dismissals. The probability of wider labour force participation increased for employees aged 25-27 (relative to the 22-24 group) after the reform, and this reflected a reduction in the labour supply among young employees due to the sub-minimum wage. Andriopoulou and Karakitsios (2021)[25] consider these reforms further by estimating the effect of the sub-minimum wage followed by the subsequent increase in 2019. They find no association between the percentage change in the minimum wage and job loss, which did not increase after reforms. They find that the increase in the minimum wage from 2019 had a small effect on unemployment exits, contrary to expectations. This effect was present even during the crisis period. In general, the sub-minimum wage and its reversal have had minor effects on youth employment levels in Greece.

In an analysis of the Netherlands Kabátek (2021)[26] notes that the sub-minimum wage creates incentives for firms to drop employees before they turn 23. The paper finds a significant increase in the chance of job separation near an employee's 23rd birthday, where the size of the effect differs by sector (workers in supermarkets see the largest effect). After reaching the age of 23, many displaced workers are re-employed, yet they encounter greater competition in the labour market. The termination of youth contracts creates vacancies that are re-advertised at the higher adult minimum wage. These positions are contested not only by other newly eligible 23-year-olds, but also by older unemployed individuals who had previously been overlooked in favour of lower-cost under-23 workers and who now perceive improved prospects of recruitment.

Based on this summary, for Ireland, it would seem reasonable to assume some modest falls in employment if the sub-minimum youth rate is replaced by the national minimum wage. This effect is most likely to impact those tangentially associated with the labour market, like students and seasonal employees. Abolishing the sub-minimum youth rate may also reduce the accession rate or the number of people entering the labour market for the first time as the demand for these employees is reduced. However, the empirical evidence suggest that this effect would be small.

5.3 Impact on Selected Labour-Intensive Sector

In evaluating the impact of changes to the sub-minimum rates on different sectors, it is important to consider the differences in the characteristics of firms in Ireland and the levels of profitability. For some sectors where there are high levels of profitability, any changes in minimum wage rates may have very muted impacts on employment. In lower profitability sectors, which are more labour-intensive, they are likely to be more impacted by changes in the minimum wage rates. The economic impact of any proposed changes will depend on a number of key factors. These include the significance of personnel costs base, the overall level of profitability of the sector, and the incidence of sub-minimum wage rates. Evidence to inform this has been examined by Indecon based on unpublished data which the CSO provided. Of particular importance is data on profits by sector and data on personnel costs. The figures relate to 2024 or the latest year available. This evidence is

[25] Andriopoulou, E., & Karakitsios, A. (2022). Unemployment transitions and the role of minimum wage: From pre-crisis to crisis and recovery. IZA J. Labor Policy, 12(1), 1-26.

[26] Kabátek, J. (2021). Happy birthday, you're fired! Effects of an age-dependent minimum wage on youth employment flows in the Netherlands. ILR Review, 74(4), 1008-1035.

presented in Table 5.6 below. The results show that some sectors operate on very narrow margins. In Food & Accommodation, profits are less than half of personnel costs (a ratio of 0.46). In Wholesale & Retail, profits are still below personnel costs, with a ratio of 0.83. By contrast, the Manufacturing sector generates profits more than eight times greater than personnel costs (ratio of 8.02), while the average across all sectors is 2.55.

Table 5.6: Indecon's Analysis of Profitability and the Significance of Personnel Costs by Sector

	Accommodation & Food	Wholesale & Retail	Manufacturing	All Sectors
Personnel Costs (€'000s)	4,679,981	13,844,412	17,530,406	124,271,383
Profits (€'000s)	2,161,739	11,518,345	140,677,812	316,841,068
Ratio of Profits/ Personnel Costs	0.46	0.83	8.02	2.55

Source: Indecon analysis based on Unpublished Special CSO Analysis completed for Indecon

A qualitative assessment by Indecon of the significance of personnel costs compared to profitability by sector is presented in the next table. Sectors where the impact of changes to the sub-minimum rates are likely to be greater are characterised by high overall personnel costs and low profitability and where the incidence of sub-minimum rates are high. These are demonstrated by a red shading. This suggests that changes to the minimum wage rate may have only a very muted impact on most sectors but there is likely to be a larger impact on the labour-intensive such as Accommodation & Food (which includes hotels and restaurants) and the Wholesale & Retail sectors.

Figure 5.1: Indecon Qualitative Assessment of Significance of Personnel Costs Compared to Aggregate Profits by Sector

	Significance of Personnel Costs	Concerns over Levels of Profitability (i.e. low levels of profitability)	Incidence of Sub-Minimum Wages
All Sectors			
Manufacturing			
Accommodation & Food			
Wholesale & Retail			

Legend: Low = Green, Medium = Yellow, High = Red
Source: Indecon

5.4 Summary

- The youth sub-minimum rate is heavily concentrated among employees in the Accommodation & Food and Wholesale & Retail sectors, and the majority of cost increases would be experienced in these sectors if the rate were abolished.

- In 2024, the economy-wide cost of employees on youth rates amounted to €155m. Had all these employees been paid the national minimum wage (€12.70/hour), total costs would have risen to €206m, a €51m increase, largely driven by those under age 18.
- Youth rate employment represented only 0.9% of total employment and 0.13% of overall personnel costs in Ireland in 2024. Replacing youth rates with the national minimum wage would have increased the youth rate share of personnel costs to 0.17%.
- The Accommodation & Food sector would have incurred an additional €19m in wage costs, while the Wholesale & Retail sector would have increased by €16m. This would have raised the proportion of total personnel costs attributable to youth rate wages from 1.7% to 2.3% and 0.4% to 0.5%, respectively.
- Small firms are particularly dependent on youth rate employees, accounting for 84% of such employment. In the Border Region, youth rates made up 3.9% of personnel costs for small Accommodation & Food businesses, the highest regional share.
- International evidence shows that abolishing youth rates tends to have a minimal impact on employment, with any reductions mainly affecting students and marginal employees. In many cases, the resulting wage increases outweigh the limited job losses.

6 Key Findings and Recommendations

A summary of our key findings is presented in Table 6.1.

Table 6.1: Key Findings
1. Youth employment is disproportionately concentrated in the Accommodation & Food and Wholesale & Retail sectors and in small enterprises.
2. The Accommodation & Food sector and the Wholesale & Retail sector also have some of the highest incidences of sub-minimum youth rates.
3. The incidence of sub-minimum youth rates is highest for employees under the age of 18. Overall, 46.0% of employees under the age of 18 were on a sub-minimum wage in 2024.
4. In Ireland, the impact of a removal of sub-minimum youth rates would be very small on the overall economy, but there would be relatively more significant impacts on firms in certain sectors. The impacts would also be more significant on small firms in these sectors. It is important to recognise that even in the sectors that are most impacted, the vast majority of employees are not on sub-minimum wage rates. Spillover effects could arise within firms or sectors, for example where older workers seek corresponding increases to younger colleagues, but the available evidence on such effects is limited.
5. The international evidence points to the possibility of some unintended consequences from the abolition of sub-minimum youth rates including possible reductions in employment and education participation, and adverse labour market impacts on groups such as students and seasonal employees.
6. The impacts of a removal of the youth rates or other changes to their structure should be assessed in the context of recent policy-driven increases in business costs. Evidence indicates that the cumulative effect of these measures is greatest for the firms most likely to be affected by the removal of sub-minimum youth rates.
Source: Indecon analysis

Indecon is aware of the decision by the Government to postpone any decision on the abolition of sub-minimum wage rates in the light of current business uncertainties. While the evidence confirms that abolition of sub-minimum wage rates would have a very limited impact on most sectors, there would potentially be a greater impact on two key labour-intensive and cost-sensitive sectors, namely the Accommodation & Food and Wholesale & Retail sectors. If it is decided to consider implementation of changes to sub-minimum rates at a later date, Indecon recommends that a number of steps are taken in advance, as outlined in Table 6.2.

Table 6.2: Recommendations Prior to Changing Sub-Minimum Rates
1. Prior to any future decision to abolish sub-minimum youth rates, a data gathering exercise should be completed to enable a full estimation of the likely impact on sectors where incidence of youth rates is most prevalent and of potential unintended consequences on individuals on the sub-minimum youth rates. 2. An interim or transition option that could be considered is the abolition of sub-minimum youth rates for those aged 18 and over. 3. If a removal of sub-minimum rates or other changes to their structure are implemented, consideration should be given to introducing targeted supports to the most affected firms, although the difficulty of designing an appropriate support programme should not be underestimated.
Source: Indecon analysis

1. **Indecon recommends that prior to any future decision to abolish sub-minimum youth rates, a data gathering exercise should be completed to enable a full estimation of the likely impact on sectors where incidence of youth rates is most prevalent and the impact on individuals aged 17 or younger.**

To effectively prepare for any policy shift regarding sub-minimum youth wage rates, a detailed data collection exercise should be undertaken to assess impacts on firms in the Accommodation & Food and Wholesale & Retail sectors. This should gather information at firm level, including firm size, staff composition, and geographical distribution. The data should allow for segmentation by enterprise type and region, enabling policymakers to identify which firms have a high dependency on youth labour at sub-minimum rates. The goal is to generate a nuanced understanding of exposure levels and cost sensitivities, so any proposed policy adjustment can be implemented with minimal disruption to employment or business sustainability.

Complementing the firm-level data, targeted research should also be carried out to understand how the removal of sub-minimum rates may affect young employees. Special attention should be paid to understanding whether employers would reduce hiring of younger employees or shift toward older youth or reduce working hours. Surveys with both employers and young employees could shed light on employment decisions, perceived work readiness, and the value placed on wage incentives in hiring. This will help pre-empt potential risks such as reduced youth participation in formal employment or reduced educational attainment.

To implement the data-gathering efforts proposed above, new primary research should be carried out using both quantitative and qualitative methods.

2. **An interim or transition option that could be considered is the abolition of sub-minimum youth rates for those aged 18 and over.**

The incidence of sub-minimum youth rates employment is much higher for under 18's than for those aged 18 and 19. This suggests that one interim or transition option might be to abolish youth rates for over 18's only. This could limit the potential risks to employment from a full abolition and possible unintended adverse labour market consequences for younger employees.

3. **Indecon recommends that if a removal of sub-minimum rates or other changes to their structure are implemented, consideration should be given to introducing targeted supports to the most affected firms, although the difficulty of designing an appropriate support programme should not be underestimated.**

If the decision is made to abolish or phase out sub-minimum youth wage rates, policymakers should consider introducing a suite of limited support measures for the firms most affected. These supports could include targeted training or other supports, or tailored reductions in sector-specific levies or charges. Criteria for support eligibility should be informed by the data collected under Recommendation 1 — for example, based on the proportion of staff under 18, or location in regions with high use of sub-minimum youth rates. It would, however, be important to take account of state aid issues and to recognise the difficulties in designing practical targeted support.

Annex 1 Bibliography

Andriopoulou, E., & Karakitsios, A. (2022). *Unemployment transitions and the role of minimum wage: From pre-crisis to crisis and recovery*. IZA J. Labor Policy, 12(1), 1-26.

Collins, M., & Elliott O'Dare C. (2022) *Low Paid Older Workers: A quantitative and qualitative profile of low pay among workers aged over 50.* Low Pay Commission, Dublin. https://www.gov.ie/en/publication/dcd52d-low-pay-commission-research- reports/ [Accessed 20 May 2024].

Dayioglu, M., M. Küçükbayrak and S. Tumen (2022). 'The impact of age-specific minimum wages on youth employment and education: a regression discontinuity analysis', *International Journal of Manpower*, 43(6), pp.1352–1377.

Dickens, R., Riley, R., & Wilkinson, D. (2010). The impact on employment of the age related increases in the National Minimum Wage. University of Sussex, mimeo.

Doris, A., D. O'Neill, and O. Sweetman. (2022) *National University of Ireland, Maynooth Research on the Introduction of a Living Wage in Ireland.* Low Pay Commission, Dublin. Available at: https://www.gov.ie/en/collection/9f6d7b-low-pay- commission-publications/ [Accessed 20 May 2024].

Eurofound (2021). 'Minimum Wages in 2021: Annual Review, Minimum Wages in the EU Series', Luxembourg: Publications Office of the European Union.

Eurofound (2023). 'National Correspondents Contribution for the Minimum Wage 2023: Annual Review', Luxembourg: Publications Office of the European Union.

European Committee of Social Rights (2023). 'Conclusions relating to Labour Rights in respect of Ireland 2022', Strasbourg: Council of Europe.

Eurostat (2023), *Young people neither in employment nor in education and training (NEET), by citizenship*. Brussels: Eurostat.

Harasztosi, P. and Lindner, A. (2019). "Who pays for the minimum wage?", American Economic Review, 109(8), pp.2693- 2727.

Hill and Stapleton v Revenue Commissioners and Dept of Finance (1998), C – 243/95, ECR 1-3739.

Hyslop, D. and S. Stillman (2021), 'The Impact of the 2008 Youth Minimum Wage Reform in New Zealand', *Series of Unsurprising Results in Economics*, 5.

Hyslop, D. and S. Stillman (2021). 'The Impact of the 2008 Youth Minimum Wage Reform in New Zealand', *Series of Unsurprising Results in Economics*, 5.

IGEES (2024), "An Assessment of the Cumulative Impact of Proposed Measures to Improve Working Conditions". Working Paper

Inter-Departmental Group on Implementation of a National Minimum Wage (IDGINMW) (1999). 'Final Report of the Inter-Departmental Group on Implementation of a National Minimum Wage', Dublin: Stationery Office.

Inter-Departmental Group on Implementation of a National Minimum Wage (IDGINMW (1999), *Final Report of the Inter-Departmental Group on Implementation of a National Minimum Wage*. Dublin: Stationery Office.

International Labour Organisation. (2017), *Labour market institutions and youth labour markets: Minimum wages and youth employment revisited*, Geneva: International Labour Organization. *IZA Journal of Labor Policy*, 7(5), pp.1-8.

Kabátek, J. (2021), 'Happy Birthday, You're Fired! Effects of an Age-Dependent Minimum Wage on Youth Employment Flows in the Netherlands', *ILR Review*, 74(4), pp.1008–1035.

Kelly, E. and S. McGuinness (2017), *A study of sub-minimum wage rates for young people*. Dublin: ESRI and the Low Pay Commission.

Kelly, E. and S. McGuinness (2017). 'A study of sub-minimum wage rates for young people', Dublin: The Economic and Social Research Institute.

Kreiner, C.T., D. Reck and P.E. Skov (2020). 'Do Lower Minimum Wages for Young Workers Raise Their Employment? Evidence from a Danish Discontinuity', *The Review of Economics and Statistics*, 102(2), pp.339–354.

Lindner, A. (2022), "*It's time to increase the National Living Wage to help with the cost of living*", UCL Policy Lab.

López-Novella, M. (2018), 'Working Paper 04-18 - Removing youth sub-minimum wage rates in Belgium: did it affect youth employment?', Working Papers 1804, Federal Planning Bureau, Belgium.

Low Pay Commission (2017). 'Report on the Sub-Minima Rates of the National Minimum Wage (Part 2)'. Dublin: Low Pay Commission. Available at: https://assets.gov.ie/244510/4f9d95a6-7671-4f52-b54c-ab3629ae79fb.pdf (Accessed 6 April 2023).

Low Pay Commission, An Coimisiún Um Pá Íseal, Report on Sub-Minimum Youth Rates, 2024.

Low Pay Commission. (2022). *Low Pay Commission Report on the Living Wage, 2022.* Low Pay Commission, Dublin. Available at: Low Pay Commission Report on the Living Wage, 2022 [Accessed 20 Jun. 2024].

Low Pay Commission. (Various Issues, 2015-2024). *Recommendations for the National Minimum Wage.* Low Pay Commission, Dublin. Available at: https://www.gov.ie/en/collection/9f6d7b-low-pay-commission-publications/ [Accessed 20 Jun. 2024].

Lydon, R. (2022) Household characteristics, Irish inflation and the cost of living. Central Bank of Ireland. Economic Letter. Vol 2022, No. 1. [online]. Available at: Vol 2022, No.1 Household characteristics, Irish inflation and the cost of living (Lydon) (centralbank.ie) [Accessed 25 June 2024].

Maître, B., Russell, H., & Smyth, E. (2021). The dynamics of child poverty in Ireland: Evidence from the Growing Up in Ireland survey (No. 121). Research Series.

Maître, B., Russell, H., & Smyth, E. (2021). *The dynamics of child poverty in Ireland: Evidence from the Growing Up in Ireland survey*. ESRI. Available at: https://www.esri.ie/publications/the-dynamics-of-child-poverty-in-ireland-evidence- from-the-growing-up-in-ireland [Accessed 19 Jun. 2024].

Marimpi, M., & Koning, P. (2018). 'Youth minimum wages and youth employment'. IZA Journal of Labor Policy, 7, 1-18.

McLoughlin, M. (2022), The equal treatment of young people in the labour market, SOC/721-EESC-2022, Brussels: European Economic and Social Committee

National Competitiveness & Productivity Council. (2022) *Ireland's Competitiveness Challenge 2022*. Available at: https://www.competitiveness.ie/media/yxxdxqhy/ireland-s-competitiveness- challenge-2022-final.pdf [Accessed 20 May 2024].

National Minimum Wage Commission (NMWC) (1998a). 'Report of the National Minimum Wage Commission 1', Dublin: Department of Enterprise, Tourism and Employment.

Neumark, D. and W. Wascher (2004), 'Minimum Wages, Labor Market Institutions, and Youth Employment: A Cross-National Analysis', *ILR Review*, 57(2), pp.223–248.

Novella, M. L. (2018). Removing youth sub-minimum wage rates in Belgium: did it affect youth employment?.

OECD (2019). *The minimum wage and the tax and benefit system in Ireland: A note for the Irish Low Pay Commission*. Available at: The minimum wage and the tax and benefit system in Ireland [Accessed 20 Jun. 2022]

OECD (2024). *Minimum relative to average wages of full-time workers*. Available at: OECD Data Explorer Minimum relative to average wages of full-time workers Accessed 20 Jun. 2024].OECD (n.d.). *Incidence of low and high pay: Incidence of low and high pay is the rate of wage levels of workers earning low or high pay*. Available at: Incidence of low and high pay | OECD [Accessed 20 Jun. 2024].

Olssen, A. (2011), 'The Short Run Effects of Age Based Youth Minimum Wages in Australia: A Regression Discontinuity Approach', Paper Presented at New Zealand Association of Economists Annual Conference, Wellington, 29 June-1 July 2011.

Redmond, P. and S. McGuinness (2023a). 'The Impact of a Minimum Wage Increase on Hours Worked: Heterogeneous Effects by Gender and Sector', IZA Discussion Papers 16031, Institute of Labor Economics (IZA).

Redmond, P., Staffa, E., Ciprikis, K., McGuinness, S, and Gilmore, O. (2023b), *Sub-Minimum Wages in Ireland*, Research Series Number 167, Low Pay Commission and ESRI.

Revenue (2023). *COVID-19 Debt Warehousing Statistics (as of 03 June 2024)*. Available at: COVID-19 Support Schemes: Debt Warehousing [Accessed 5 Jun. 2024].

Shannon, M. (2011), 'The Employment Effects of Lower Minimum Wage Rates for Young Workers: Canadian Evidence', *Industrial Relations: A Journal of Economy and Society*, 50, pp.629-655.

SOLAS (2023). National Skills Bulletin. Available at: national-skills-bulletin-2023.pdf (solas.ie) [Accessed 20 May 2024].

UK Low Pay Commission. (2019), *A Review of the Youth Rates of the National Minimum Wage*. London: Controller of His Majesty's Stationery Office.

Van Bezooijen, E., van den Berge, W. and A. Salomons (2021), 'The Young Bunch: Youth Minimum Wages and Labor Market Outcomes', CPB Discussion Paper 422, CPB Netherlands Bureau for Economic Policy Analysis.

Workplace Relations Commission (2024). *Workplace Relations Commission Annual Report 2023*. Available at: https://www.workplacerelations.ie/en/publications_forms/corporate_matters/annual_reports_reviews/annual-report-2023.pdf [Accessed 15 Jun. 2024].

Yannelis, C. (2014), 'The Minimum Wage and Employment Dynamics: Evidence from an Age Based Reform in Greece', Society of Labor Economists Working Paper.