Submission to the Low Pay Commission re:

2026 National Minimum Wage

April 2025

1. Introduction

Fórsa trade union represents 89,000 workers in the public and civil service including health, education and local authorities, as well as staff in the commercial state sector, state agencies, private companies and the community and voluntary sector.

While the majority of our membership are covered by collective bargaining agreements with their employers, it is essential that statutory minimum wage thresholds are set at a level that ensures that workers not covered by collective agreements can earn a fair and adequate wage that ensures a decent quality of living. Workers earning the minimum wage are largely employed across retail, accommodation, food, or wholesale sectors, where lower wages are more predominant.

The national minimum wage is currently set at €13.50 per hour, effective since 1 January 2025.

Fórsa welcomes the opportunity to respond to the Low Pay Commission consultation on the appropriate rate for the national minimum wage for 2026.

2. Adequate minimum wage setting at 60 percent of median wage

Fórsa supports the achievement of an 'adequate' minimum wage, defined as 60 percent of the median hourly wage. Therefore, Fórsa is recommending an increase in the existing national minimum wage that would effectively replace the minimum wage with a real living wage, set at 60 percent of the median hourly wage, by 1 January 2026 – in line with previous government commitments and recommendations of the Low Pay Commission.

While employment will often support a decent quality of life, it does not automatically guarantee a quality standard of living or that a person will no longer experience poverty. The Central Statistics Office Survey on Income and Living Conditions 2024 shows that poverty still exists for those in employment with most recent in-work poverty figures at 5.4 percent, only marginally down from 5.9 percent the previous year, despite increases in the minimum wage.[1] This data re-emphasises the stark reality that minimum thresholds set below 60 percent of median wage place workers at high risk of in-work poverty. In a wealthy country like Ireland, with a tight labour market, a minimum threshold of at least 60 percent should be considered reasonably practicable. Eurostat defines the 'low pay' threshold as two-thirds or less of national gross hourly median earnings.[2]

To arrive at an appropriate recommended rate for the 2026 living wage, Fórsa endorses the methodology used by the Irish Congress of Trade Unions in its submission to the Low Pay Commission's consultation, which assumes that median earnings will grow at the same rate as average overall earnings. Forecasted growth rates will be subject to revisions based on readily available data from reputable sources, such as the Central

[1] Key Findings Survey on Income and Living Conditions (SILC) 2024 - Central Statistics Office

[22] Eurofound (2018), Concept and practice of a living wage, Publications Office of the European Union, Luxembourg.

Bank of Ireland, the Stability Programme Update, and the European Commission's forecast for 2025.

Fórsa is recommending an increase of €1 per hour which would bring the statutory minimum hourly rate of pay to a living wage of €14.50. This change would better facilitate our lowest paid workers to meet their basic needs and give them a better chance of avoiding in-work poverty.

While the increase of €0.80, effective since 1 January 2025, was a positive step towards achieving 60 percent of median wage, a further increase is essential to fully realise the living wage. The Consumer Price Index (CPI) rose by 1.8 percent between February 2024 and February 2025 (similar percentages to the 12 months prior).[3] This inflation growth, even if stable and moderate, lends itself to losses in value of the minimum wage increases in real terms, reinforcing the need for future adjustments to not only provide a fair and decent, adequate wage, but to maintain it into the future.

While not pictured below, CPI for 2023 was 6.3 percent and 7.8 percent in 2022[4], triggering a cost-of-living crisis where many workers and families struggled to afford basic necessities. The lowest paid workers and low-income families were impacted the most, with the number of families in material deprivation rising by a fifth.[5] Inflation is slowing down, and the Government has indicated that it does not intend to continue cost-of-living supports, such as energy credits, or introduce new cost-of-living measures in the next budget for 2026 through the 2025 Finance Bill.[6] The planned cessation of these supports places a greater urgency on the need to increase wages for those earning the minimum wage to at least 60 percent of the median wage so that they can afford basic necessities and a decent standard of living without temporary cost-of-living supports.

Inflation projections

	2024	2025	2026	2027
HICP	1.3	2.2	2.1	1.4
Goods	-1.5	1.3	0.9	-0.5
Energy	-7.8	3.6	3.3	-0.2
Food	3.0	3.4	2.4	1.3
Non-Energy Industrial Goods	-1.9	-1.2	-1.3	-1.9
Services	4.1	3.3	3.1	3.0
HICP ex Energy	2.4	2.2	1.9	1.5
HICP ex Food & Energy (Core)	2.3	1.9	1.8	1.6

Source: Central Bank of Ireland Q1 Bulletin, 2025

[3] Background Notes Consumer Price Index February 2025 - Central Statistics Office
[4] Consumer Price Index December 2022 - Central Statistics Office
[5] The response of low-income households to the cost-of-living crisis in Ireland | ESRI
[6] No cost-of-living measures or energy credits in next Budget, Taoiseach Micheál Martin says | Irish Independent

It is important to look at the national minimum wage in the correct context. Gross minimum wage figures do not reflect an accurate value for workers, particularly in Ireland, where costs for goods and services are among the highest in Europe, as well as housing. For example, Ireland's minimum wage ranks 2nd out of 22 countries in Europe with statutory minimum wages for its nominal value, however, when examined in purchasing power standards, Ireland drops to 5th place.[7] This demonstrates that higher nominal wages do not translate into equally strong purchasing power or guarantee a decent quality of living, and places greater emphasis on the need to set a minimum wage threshold that takes account of Ireland's especially high cost of living. Additionally, Ireland drops further behind other European countries when minimum wage is examined as a percentage of median earnings.

3. Abolition of sub-minimum rates of pay for workers aged under 20 years

Fórsa recommends the abolition of sub-minimum rates of pay for workers under the age of twenty. The National Minimum Wage Act explicitly discriminates against workers based on their age, allowing employers to pay those under 18 at 70 percent of the national minimum wage, those aged 18 at 80 percent and those aged 19 at 90 percent.

In 2023, the Council of Europe concluded that Ireland was in breach of the Revised European Social Charter due to its sub-minimum rate of pay for young workers and failing to ensure a decent standard of living for these workers.[8]

Less than one percent of workers in Ireland are paid a sub-minimum rate of pay, enabled through the existing National Minimum Wage Act, while approximately six percent of workers are in receipt of the minimum wage.[9] Given the relatively small proportion of the labour market that employers legally employ on sub-minimum rates, we believe that the abolition of the provisions which allow for this is unlikely to have a significant impact on the sectors employing these young workers. However, the small increases in pay rates for these workers would deliver meaningful improvements in their quality of life and living standards and play an important step in advancing fairness and equality across the labour market.

In conclusion, it is vital that the national minimum wage is seen and understood as a wage floor and absolute minimum rather than ceiling. It must not replace or restrict access to collective bargaining agreements or employment regulation orders which may secure higher wage rates in certain employments.

[7] Minimum wages in Europe: How does your country compare in 2025? | Euronews

[8] Ireland found in breach of labour rights in European Social Charter – The Irish Times

[9] Labour market dynamics of minimum wage workers: Applied Economics: Vol 0, No 0 - Get Access