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# RETAIL INDUSTRY: IMPACT OF NATIONAL MINIMUM WAGE INCREASE

FEBRUARY 2016



# Methodology

Following the increase in the National Minimum Wage (NMW) by €0.50cent (from €8.65 to €9.15), our members expressed dismay at the fact that Employers PRSI was not reduced to assist with the implementation of the enhanced pay rate.

The only modification to Employers PRSI for lower paid workers was to increase the band at which the 8.50% PRSI rate is charged from €356 to €376. This measure went no way to meeting the increased labour cost and to many retailers was deemed derisory.

According to the Low Pay Commission the increase in the NMW will impact only the 22,000 retail employees directly on the minimum wage. REI believe that due to the “ripple effect” on higher pay grades, many more employees will be impacted and labour cost in retail will grow exponentially to an unsustainable level.

REI surveyed our members for their opinions. Three hundred and seventy seven leading retailers responded. Their opinions are contained in this report.

# Number of employees impacted by the NMW?

According to this report, at December 2015 61,040 employees were impacted by the NMW being at €8.65 at that time. While a minority might have been on the finite NMW of €8.65, those on slightly higher hourly rates were impacted by any moderation to the NMW.

When the NMW wage increased to €9.15 in January 2016, the impact was for the new enhanced rate to impact on a far greater number of employee pay rates. This report points to 121,380 retail employees being impacted by the increase in the NMW to €9.15.

Most employers cited that if a casual weekend worker now earns €9.15 per hour, it is obvious and clear that permanent staff members expect a rate of pay that is higher than a casual hourly rate and that rate must be proportionate to the permanent nature of their contract and their experience in the business.

Period	Employees Impacted
Dec-15	61,040
Jan-16	121,380

# What is the impact of the NMW on the expansion of your business?

According to this report, 82% of respondents stated that the increased cost of payroll for their business will negatively impact on expansion plans for their business in 2016.

62% stated that they will review labour hours and probably reduce hours investment to accommodate the increased gross labour cost.

36% stated they will postpone all investment in their business will immediate effect.



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