

National Minimum Wage

Low Pay Commission Report 2007

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4.62 - We also received evidence concerning agencies in the entertainment sector. We were informed that some extras (background or walk-on parts on TV, films and commercials) offered a day's work via an agency have found that, after deductions for commission fees and charges for including their details in a promotional publication, their earnings fell well below the minimum wage. A separate submission from Equity noted that the application of an agent's fee could result in the payment received by the performer falling below the minimum wage and suggested we examine such practices in relation to minimum wage entitlement.

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Contemplating evading the minimum wage requirements? Non-compliance brings the minimum wage into disrepute and on any substantial scale will erode support for it. As we said in our 2005 Report, we do not find it acceptable that employers who underpay the minimum wage are not penalised as long as they pay up when challenged.

Conversely, workers who are underpaid receive no more than their arrears of pay and as a result are worse off in real terms. The Government advised us in January 2007 that it was rejecting the recommendation we made in our 2005 Report to redress this imbalance. Although we understand the reasons given for not taking forward the recommendation, we strongly believe that a workable alternative solution needs to be found.

We therefore recommend that, as a deterrent to non-compliance, the Government introduce a penalty to apply to any employer found to have underpaid the minimum wage. We also urge the Government to give further consideration to finding a means to compensate workers who have been underpaid. In addition, we believe that employers who flout their minimum wage obligations should be 'named and shamed'. Effective enforcement is important for both workers and good employers. We therefore warmly welcome the Government's commitment to increase the funding for minimum wage enforcement by 50 per cent, as announced in the Chancellor's pre-Budget Report in December 2006 (HM Treasury, 2006c).

Visits and Meetings

CBI

CBI Scotland

CBI Wales

Central Council of Physical Recreation

City & County of Swansea - Employment Training

Cleaning and Support Services Association

Clive Hurst

Cornwall Care