



2014

Calculating a Living Wage for the
Republic of Ireland

What is the 'Living Wage'?

The Living Wage is based on the concept that work should provide an adequate income to enable individuals to afford a socially acceptable minimum standard of living.



Living Wage

- Gross salary required by a Single Adult in full-time employment, across the country
- Families have additional and different needs
- These are demonstrated in the calculation of Family Living Income
- These additional needs must be met through a combination of salary and social supports





€ 11.45 *per hour*

This is the gross hourly salary required by a single adult working full-time in Ireland in 2014, to afford a socially acceptable minimum standard of living

Calculating the Living Wage

- The 'Living Wage' is the average gross salary needed for a single person to afford a minimum standard of living
- It is calculated on the basis of the Minimum Essential Standard of Living research in Ireland, conducted by the VPSJ
- The MESL data uniquely provides an evidence based measure for assessing the minimum income need of households in Ireland



Minimum Essential Standard of Living

- VPSJ has conducted Consensual Budget Standards research since 2004

Two parts to the research:

1. **Expenditure** required for a Minimum Essential Standard of Living (*MESL*) which meets physical, psychological and social needs.
2. **Income** needed to afford the expenditure – Minimum Income Standard (*MIS*)



Minimum Essential Standard of Living

- To establish the MESL expenditure focus groups are held for a range of household types
- Consensus reached on the range of goods & services required for this standard
- Emphasis is on needs & not wants
- Cost is based on actual price of detailed basket of over 2,000 goods & services

Regional Differences

- The minimum expenditure required varies in different parts of the country
- This is due to the different cost of the items required to enable this minimum essential standard of living in different regions, and some regional variation in what is required
- MESL data includes Urban & Rural needs
- Most significant differences are in Housing and Transport

Minimum Income Standard

- This is the gross income a household needs in order to afford a minimum standard of living. It takes account of the potential tax liability and social welfare entitlements of the household in question
- Model established in 2012 *A Minimum Income Standard for Ireland* research project, conducted by VPSJ in co-operation with TCD



Regions

DUBLIN Dublin City & Suburbs, and other towns in Dublin County

CITIES The City & Suburbs of Cork, Galway, Limerick & Waterford

TOWNS All towns with a population of 5,000 and above
(excluding those towns in Dublin)

RURAL All towns & villages with a population of under 5,000 and all other rural areas

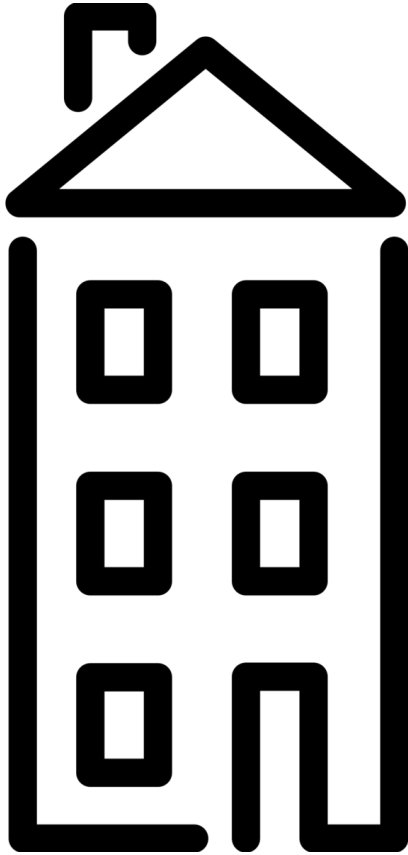


Calculating the Living Wage rate

- The core weekly cost of a Minimum Essential Standard of Living is compiled for each region
- The appropriate minimum housing cost is identified for each region
- The Minimum Income Standard salary rate required to afford the cost of an MESL is calculated for each region
- The Living Wage rate is calculated from this range of MIS rates by producing an average wage requirement, weighted by the proportion of the labour force in each region



Housing



- Private Rented
 - 1 bed dwelling type for Single Adult
 - Data from PRTB
 - 90% of the average price for each region
 - Rent accounts for 18% to 40% of overall expenditure
-

Transport

Dublin & Other Cities

- Public Transport
 - Monthly Bus Ticket (12 per year)
 - Night bus or Taxi share once a week



Towns & Rural

- Car
 - Small used car, e.g. Nissan Micra
 - Tax & Insurance
 - An allowance for fuel
 - Annual Service
 - NCT



Living Wage 2014 Calculation

	DUBLIN	CITIES	TOWNS	RURAL
Weekly Expenditure Need	409.93	347.95	372.52	378.96
Annual Gross Salary	25,214.90	20,537.95	22,368.06	22,876.43
Weighting	0.2922	0.0905	0.1986	0.4188

LIVING WAGE	Actual	Rounded
Gross per annum	23,247.19	
Gross per week	445.86	
Gross per hour	11.43	11.45





FAMILY LIVING INCOMES

Living Wage 2014

Family Living Income

- Calculated in same manner as Living Wage
- All adults in household employed Full-Time
- MESL expenditure and MIS salary calculated for a set of common family household compositions
- Establish the range of gross salary need for each composition
- Also take account of social welfare entitlements



Family Household Compositions

Household

Child Age Groups

Two Parents, 1 Child

Infant

Two Parents, 2 Children

Pre-School, Primary

Two Parents, 3 Children

Infant, Pre-School, Primary

Two Parents, 4 Children

Two Primary, Two Secondary Level

One Parent, 1 Child

Primary

One Parent, 2 Children

Pre-School, Primary



Childcare Cost

- Family Living Income calculation is based on all adults in household being employed full-time
- Childcare can amount to over 33% of family households minimum expenditure need
- Infant & Pre-School cost is based on private childcare
- Primary School age cost is based on care from relative/friend

Housing

- Due to current level of social housing provision, Family Living Income is also calculated on basis of private rented housing
- 90% of the average price for each region, of appropriate sized dwelling
- This combined with high cost of childcare greatly increases the salary required to afford an acceptable minimum standard of living



FAMILY LIVING INCOMES - Annual Gross Salary Per Adult

Family Type	€ from	€ to
Two parents and one child (an infant)	21,045	26,620
Two parents and two children (one in pre-school and one in primary)	20,540	26,030
Two parents and three children (an infant, one in pre-school and one in primary)	28,775	36,600
Two parents and four children (two in primary school and two in secondary school)	28,875	32,535
One parent and one child (in primary school)	17,590	31,010
One parent and two children (one in pre-school and one in primary school)	33,855	50,940



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For more information and the Living Wage Technical Document visit www.livingwage.ie

