



# LIVING WAGE 2015

## €11.50 PER HOUR

### Living Wage Updated for 2015

The 2015 Living Wage for the Republic of Ireland has been calculated by the Living Wage Technical Group. It is €11.50 per hour.

The new 2015 figure represents an increase of 5c per hour over the 2014 rate (€11.45). The increase has been driven by changes in the cost of living and changes in the taxation system.

This document outlines the Living Wage concept and provides details of the change since 2014. Further information, including a technical document outlining the calculation methodology, is available at [www.livingwage.ie](http://www.livingwage.ie)

### What is a Living Wage?

The Republic of Ireland Living Wage was established in 2014 and is part of a growing international set of similar figures which reflect a belief across societies that individuals working full-time should be able to earn enough income to enjoy a decent standard of living.

The Living Wage is a wage which makes possible a minimum acceptable standard of living. Its calculation is evidence based and built on budget standards research.

The 2015 figure is:

- based on the concept that work should provide an adequate income to enable individuals to afford a socially acceptable standard of living;
- the average gross salary which will enable full time (39hrs per week) employed adults (without dependents) across Ireland to afford a socially acceptable standard of living;
- a living wage which provides for needs not wants;
- an evidence based rate of pay which is grounded in social consensus and is derived from Consensual Budget Standards research which establishes the cost of a Minimum Essential Standard of Living in Ireland;
- unlike the National Minimum Wage which is not based on the cost of living.

In principle, a living wage is intended to establish an hourly wage rate that should provide employees with sufficient income to achieve an agreed acceptable minimum standard of living. In that sense it is an income floor; representing a figure which allows employees to afford the essentials of life. Earnings below the living wage suggest employees are forced to do without certain essentials so they can make ends meet.

## Living Wage Calculation for 2015

EXPENDITURE	DUBLIN	CITIES	TOWNS	RURAL
Food	55.51	55.51	55.51	51.44
Clothing	10.06	10.06	10.06	7.49
Personal Care	13.40	13.40	13.40	7.35
Health	4.07	4.07	4.07	4.00
Household Goods	14.24	14.24	14.24	15.92
Household Services	6.63	6.63	6.63	11.05
Communications	9.33	9.33	9.33	9.33
Social Inclusion & Participation	38.24	38.24	38.24	46.23
Education	5.19	5.19	5.19	4.95
Transport	32.50	24.89	52.06	56.66
Housing	180.72	116.54	103.22	72.01
Household Energy	29.02	29.02	29.02	42.80
Personal Costs	7.60	7.60	7.60	8.33
Insurance - Home	2.04	2.04	2.04	1.86
Insurance - Health	11.25	11.25	11.25	11.25
Insurance - Car	...	...	12.07	6.68
Savings & Contingencies	11.53	11.53	11.53	11.53
<b>Total Expenditure</b>	<b>431.33</b>	<b>359.55</b>	<b>385.46</b>	<b>368.90</b>

## INCOME CALCULATION

<b>Annual</b>				
Gross Salary	26,536.65	21,249.66	23,079.77	21,859.70
Net Salary	22,510.96	18,862.93	20,125.71	19,282.85
<b>Weekly</b>				
Gross Salary	508.95	407.55	442.65	419.25
Net Salary	431.74	361.77	385.99	369.83
<b>Social Welfare</b>				
Medical Card	GP Visit	GP Visit	GP Visit	GP Visit

## LIVING WAGE CALCULATION

Weighting*	0.2922	0.0905	0.1986	0.4188
	<b>ACTUAL</b>	<b>ROUNDED**</b>		
<b>LIVING WAGE – Gross per annum</b>	<b>23,413.23</b>			
<b>LIVING WAGE – Gross per week</b>	<b>449.05</b>			
<b>LIVING WAGE – Gross per hour</b>	<b>11.51</b>	<b>11.50</b>		

**Notes:** The Living Wage Technical Group has published a technical document entitled 'Calculating a Living Wage for the Republic of Ireland' where the methodology for calculating and updating the Republic of Ireland Living Wage is detailed. This is available at [www.livingwage.ie](http://www.livingwage.ie)

\* Weights reflect the proportion of the working age population in each area. Rounded weights shown, unrounded data are used in calculations. The product of rounded figures will produce a different result from that shown. \*\* Hourly figure rounded to nearest €0.05

### How is the Living Wage Calculated?

The Living Wage for Ireland is calculated on the basis of the Minimum Essential Standard of Living research in Ireland, conducted by the Vincentian Partnership for Social Justice (VPSJ). This research establishes a consensus on what members of the public believe is a minimum standard that no individual or household should live below. Working with focus groups, the minimum goods and services that everyone needs for a Minimum Essential Standard of Living (MESL) are identified. With a focus on needs not wants, the concern is with more than survival as a MESL is a standard of living which meets physical, psychological and social needs, at a minimum but acceptable level. Where necessary the core MESL data has been complemented by other expenditure costs for housing, insurance and transport.

The calculation of the Republic of Ireland Living Wage is focused on a single-adult household. In its examination of the methodological options for calculating a robust annual measure, the Living Wage Technical Group concluded that a focus on a single-adult household was the most practical approach. However, in recognition of the fact that households with children experience additional costs which are relevant to any consideration of such households standards of living, the group proposes to simultaneously publish estimates of a Family Living Income each year. Page 4 of this document outlines the groups approach and findings on this issue.

A more detailed account of the methodology used to calculate the Living Wage has been published by the Living Wage Technical Group and is available on the website.

### Key Drivers of the 2014-2015 Increase

The 2015 Living Wage of €11.50 represents a 5c per hour increase over the 2014 figure.

As the Living Wage is calculated based on the cost of the expenditure categories detailed in table 2, and on the basis of the post tax and

benefits income an individual receives, it is only changes to these that determine a change in the annual hourly amount.

The drivers of the higher 2015 figure are summarised in the table. During the year there were changes to both expenditure costs and the tax system which impact on the calculation.

Key Drivers of the 2014-2015 Increase	
↓ Living Wage	↑ Living Wage
<b>Cheaper:</b> health insurance transport costs energy costs food costs	<b>More Expensive:</b> housing costs household goods & services car insurance
<b>Reduced USC on</b> Living Wage income	

Changes in the cost of health insurance had the largest impact on the expenditure costs decreasing these by €2.30 per week. A restructuring of public transport maximum weekly fares and decreases in fuel costs lead to a decrease in transport costs of €2.21 per week. Changes in energy and food costs decreased the cost of the weekly minimum expenditure by €2.13 and €1.49 respectively.

A reduction in the Universal Social Charge (USC) paid by an employee on the Living Wage also impacted on the calculations as the amount of USC collected from these employees decreased by €3.21 per week.

However, the effects of these decreases in living costs and increases in post-tax income were outweighed by increases in some areas of expenditure. Most notable were increases in housing (rent) costs with higher rental costs in Dublin being the significant driver of the overall increased expenditure costs. Outside Dublin, housing costs moved by between €2.18 and €5.78 per week, but the increase in Dublin was €14.94 per week. There were also increases in the expenditure costs associated with household goods and services and car insurance – the latter only impacting on living wage workers outside the cities.

**Family Living Incomes**

While the calculation of the Living Wage is based on a single-adult household, the Living Wage Technical Group recognises that households with children experience additional costs which are relevant to any consideration of such household’s standards of living.

To put the Living Wage rate in context, and demonstrate the additional income and social support needs of households with children, a range of Family Living Income needs have also been calculated, following a complimentary method to that used for the Living Wage. Details of these Family Living Incomes are published each year to accompany the annual Living Wage update. Households with children have both additional expenditure needs due to the larger size, and different expenditure needs due to the different needs of children and parents. The budget standards data includes the Minimum Essential Standard of Living expenditure need for family households with one or two parents and one to four children.

The Family Living Income data summarises the varying expenditure and income needs for a set of the most commonly occurring family household compositions – see table. For each household composition, the range in the Family Living Income needs is presented. As with the Living Wage figure, the range reflects an overall national range of gross income needs and is calculated in the same way.

It should be noted that these figures reflect the income needs of families given the current structure of social supports. The provision of affordable childcare and more comprehensive social housing options would notably reduce these income requirements.

A more detailed account of the methodology used to calculate the Living Wage has been published by the Living Wage Technical Group and is available on the website.

Family Living Incomes – annual gross salary per adult, 2015		
	€ per adult	
Family Type	from	to
Two parents and one child (an infant)	20,845	25,925
Two parents and two children (one in pre-school and one in primary)	20,640	26,230
Two parents and three children (an infant, one in pre-school and one in primary)	28,875	36,500
Two parents and four children (two in primary school and two in secondary school)	28,265	32,130
One parent and one child (in primary school)	20,435	32,025
One parent and two children (one in pre-school and one in primary school)	35,280	50,835

**Living Wage Website**

The Living Wage website provides further details of the methodology, calculations and findings for the Living Wage and Family Income figures.

It also contains more information on the data used for our calculations, the international and historical context for the Living Wage and links to other Living Wage campaigns elsewhere in the world.

[www.livingwage.ie](http://www.livingwage.ie)

The Living Wage Technical Group is supported by:

