



LIVING WAGE 2016

€11.50 PER HOUR

Living Wage Updated for 2016

The 2016 Living Wage for the Republic of Ireland has been calculated by the Living Wage Technical Group. It is €11.50 per hour. The rate is unchanged from 2015.

Over the past year there have been decreases in living costs for most items included in the living wage calculation. However, these decreases have been wiped out by increases in housing costs. The overall effect is an unchanged hourly Living Wage rate of €11.50.

This document outlines the Living Wage concept and provides details of changes in living costs since 2015. Further information, including a technical document outlining the calculation methodology, is available at 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 2016 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 2016

EXPENDITURE	DUBLIN	CITIES	TOWNS	RURAL
Food	55.23	55.23	55.23	51.19
Clothing	9.83	9.83	9.83	7.32
Personal Care	13.04	13.04	13.04	7.15
Health	4.11	4.11	4.11	4.06
Household Goods	13.88	13.88	13.88	15.52
Household Services	6.60	6.60	6.60	11.09
Communications	9.39	9.39	9.39	9.39
Social Inclusion & Participation	38.01	38.01	38.01	45.96
Education	4.96	4.96	4.96	4.71
Transport	32.70	25.82	48.98	53.32
Housing	200.34	123.25	112.15	74.25
Household Energy	27.99	27.99	27.99	35.24
Personal Costs	7.66	7.66	7.66	8.40
Insurance - Home	2.23	2.23	2.23	2.03
Insurance - Health	11.75	11.75	11.75	11.75
Insurance - Car	16.01	8.86
Savings & Contingencies	11.50	11.50	11.50	11.50
Total Expenditure	449.23	365.26	393.33	361.74

INCOME CALCULATION

Annual				
Gross Salary	27,553.38	21,046.31	23,486.46	20,842.97
Net Salary	23,477.28	19,066.64	20,610.10	18,956.36
Weekly				
Gross Salary	528.45	403.65	450.45	399.75
Net Salary	450.27	365.68	395.28	363.57
Social Welfare				
Medical Card	GP Visit	GP Visit	GP Visit	GP Visit

LIVING WAGE CALCULATION

Weighting*	0.2922	0.0905	0.1986	0.4188
	ACTUAL	ROUNDED**		
LIVING WAGE – Gross per annum	23,346.82			
LIVING WAGE – Gross per week	447.77			
LIVING WAGE – Gross per hour	11.48	11.50		

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

* 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, 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 household's standards of living, the group simultaneously publishes 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 Changes 2015-2016

The 2016 Living Wage of €11.50 is unchanged from the 2015 figure.

As the Living Wage is calculated based on the cost of the expenditure categories detailed on page 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.

During the last year there were decreases in the costs associated with many of the items included in the Living Wage calculation. In particular changes in energy and transport costs decreased the cost of the weekly minimum expenditure by €3.77 and €1.87 respectively. Other changes were smaller including decreases in the cost of household goods (-37c per week), personal care (-29c), food (-27c) and clothing (-21c).

Key Changes 2015-2016	
↓ Living Wage	↑ Living Wage
Cheaper: energy costs transport costs food & clothing household goods	More Expensive: housing costs insurance: car, health, home
Reduced USC on Living Wage income	

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 €3.87 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 €2.24 and €8.93 per week, but the increase in Dublin was €19.62 per week. As housing costs are the largest component of weekly expenditure in the living wage calculation, such substantial increases wipe out the effects of decreases in all of the other living costs.

There were also increases in the expenditure costs associated with home insurance, health insurance 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 their 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 these Family Living Incomes has been published by the Group and is available on the website.

Family Living Incomes – annual gross salary per adult, 2016		
	€ per adult	
Family Type	from	to
Two parents and one child (an infant)	19,015	26,535
Two parents and two children (one in pre-school and one in primary)	20,235	26,740
Two parents and three children (an infant, one in pre-school and one in primary)	28,975	37,110
Two parents and four children (two in primary school and two in secondary school)	28,165	32,435
One parent and one child (in primary school)	18,605	33,245
One parent and two children (one in pre-school and one in primary school)	35,485	52,360

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

The Living Wage Technical Group is supported by:

