



LIVING WAGE 2018

€11.90 PER HOUR

Living Wage Updated for 2018

The 2018 Living Wage for the Republic of Ireland has been set by the Living Wage Technical Group. It is €11.90 per hour.

The new 2018 figure represents an increase of 20c per hour over the 2017 rate (€11.70). The increase has been driven by changes in the cost of living and changes in the taxation system. The current housing crisis, and associated increases in rent levels, continues to be the main driver of the wage rate increasing for 2018.

This document outlines the Living Wage concept and provides details of changes in living costs since 2017. 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 2018 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;
- an evidence-based rate of pay which is grounded in social consensus and is derived from Consensual Budget Standards research methodology which establishes the cost of a Minimum Essential Standard of Living in Ireland;
- a living wage which provides for needs not wants;
- 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 2018

EXPENDITURE	DUBLIN	CITIES	TOWNS	RURAL
Food	52.83	52.83	52.83	48.96
Clothing	9.17	9.17	9.17	6.83
Personal Care	12.14	12.14	12.14	6.66
Health	4.18	4.18	4.18	4.16
Household Goods	12.62	12.62	12.62	14.11
Household Services	6.71	6.71	6.71	9.01
Communications	9.46	9.46	9.46	9.46
Social Inclusion & Participation	36.80	36.80	36.80	44.49
Education	4.57	4.57	4.57	4.31
Transport	32.79	24.46	51.63	56.20
Housing	237.81	144.16	138.83	85.03
Household Energy	28.38	28.38	28.38	42.50
Personal Costs	7.90	7.90	7.90	8.66
Insurance - Home	2.43	2.43	2.43	2.22
Insurance - Health	9.80	9.80	9.80	9.80
Insurance - Car	0.00	0.00	10.72	7.99
Savings & Contingencies	11.47	11.47	11.47	11.47
Total Expenditure	479.06	377.08	409.63	371.85

INCOME CALCULATION

Annual				
Gross Salary	29,383.50	21,859.70	24,299.85	21,453.00
Net Salary	24,994.43	19,674.99	21,372.32	19,452.50
Weekly				
Gross Salary	563.55	419.25	466.05	411.45
Net Salary	479.37	377.35	409.90	373.08
Social Welfare				
Medical Card	GP Visit	GP Visit	GP Visit	GP Visit

LIVING WAGE CALCULATION

Weighting*	0.3018	0.0912	0.1969	0.4100
	ACTUAL	ROUNDED**		
LIVING WAGE – Gross per annum	24,444.22			
LIVING WAGE – Gross per week	468.82			
LIVING WAGE – Reference rate per hour	12.02	12.00		
LIVING WAGE – Capped Rate per hour***		11.90		

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 marginally different result from that shown.

** Hourly figure rounded to nearest €0.05. *** The annual increase in the Living Wage is capped at no more than the increase in the rate of private sector hourly earnings. This was 1.61% in 2016-2017 limiting the annual increase to 20c from the 2017 rate of €11.70.

How is the Living Wage Calculated?

The Living Wage is set by the Living Wage Technical Group based on research identifying the Minimum Essential Standard of Living (MESL) 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. 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 set the Living Wage has been published by the Living Wage Technical Group and is available on the website.

Key Changes 2017-2018

The 2018 Living Wage of €11.90 represents a 20c per hour increase over the 2017 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 changes to these that determine a change in the annual hourly amount.

The drivers of the higher 2018 figure are summarised in the table. In particular changes in insurance costs (car and health) and food costs decreased the cost of the weekly minimum expenditure by €1.55, 99c and 90c

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.

Key Changes 2017-2018	
↓ Living Wage	↑ Living Wage
Cheaper: health insurance car insurance food costs	More Expensive: housing costs energy costs
Reduced USC on Living Wage income	

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 driven by the current housing crisis.

In Dublin, weekly housing costs for a living wage worker increased by €21.55 while they increased by €8.34 per week in other cities across the state. In towns and in rural Ireland the increase in weekly housing costs was €20.04 and €4.64 respectively.

There were also increases in the expenditure costs associated with energy (+€1.84 per week). However, for 2018 it is the large increase in housing costs that has dominated the calculation and driven the 20c increase.

Cap on Annual Increase

The calculation methodology for the annual Living Wage includes a limit to the annual increase, in recognition of the fact that employers require some degree of certainty of the direction of labour costs when committing to paying their employees a living wage. The ceiling equals the percentage increase in private sector hourly earnings for the calendar year prior to each annual update. Between the end of 2017 and 2018 private sector earnings grew 1.61%. This limits the 2018 increase in the Living Wage a maximum of €11.89 (rounded to €11.90) per hour. Without this cap the rate would rise to €12 per hour. For more details see Section 1.12 of the technical document.

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, 2018		
	€ per adult	
Family Type	from	to
Two parents and one child (an infant)	19,420	23,285
Two parents and two children (one in pre-school and one in primary)	20,030	26,335
Two parents and three children (an infant, one in pre-school and one in primary)	19,625	33,245
Two parents and four children (two in primary school and two in secondary school)	27,755	32,230
One parent and one child (in primary school)	19,420	34,875
One parent and two children (one in pre-school and one in primary school)	19,420	50,940

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:

