



LIVING WAGE Update 2020

€12.30 PER HOUR

Living Wage Updated

The updated Living Wage for the Republic of Ireland has been calculated by the Living Wage Technical Group. It is €12.30 per hour. The rate is unchanged from 2019.

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 costs including clothing, transport and housing. The overall effect is an unchanged hourly rate of €12.30.

This document outlines the Living Wage concept and provides details of changes in living costs over the past year. Further information, including a technical document outlining the calculation methodology, is available at www.livingwage.ie

Timing of the Living Wage Update

The Technical Group delayed this year's update due to the Covid-19 pandemic (it was originally scheduled for July 2020). We announce the new rate at this time so that Living Wage employers and employees have sufficient notice to factor the implications of any increase or decrease in the hourly rate into negotiations around wage rates for the year to come.

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 to enjoy a decent standard of living.

The Living Wage calculation is evidence based and built on budget standards research. The hourly figure:

- establishes 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;
- is a living wage which provides for needs not wants;
- is 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 2020

EXPENDITURE	DUBLIN	CITIES	TOWNS	RURAL
Food	47.58	47.58	47.58	50.51
Clothing	12.67	12.67	12.67	13.14
Personal Care	8.59	8.59	8.59	8.24
Health	4.32	4.32	4.32	3.95
Household Goods	5.45	5.45	5.45	5.67
Household Services	3.67	3.67	3.67	2.10
Communications	13.49	13.49	13.49	14.74
Social Inclusion & Participation	52.48	52.48	52.48	44.14
Education	3.42	3.42	3.42	3.42
Transport	36.62	27.72	63.32	68.19
Housing	267.19	169.86	144.65	100.87
Household Energy	18.83	18.83	18.83	22.44
Personal Costs	7.16	7.16	7.16	7.16
Insurance - Health	9.41	9.41	9.41	9.41
Insurance - Car	8.94	7.25
Savings & Contingencies	10.00	10.00	10.00	10.00
Total Expenditure	500.84	394.61	413.96	371.24

INCOME CALCULATION

Annual				
Gross Salary	30,908.59	23,181.44	24,604.87	21,351.33
Net Salary	26,126.61	20,601.70	21,619.45	19,415.39
Weekly				
Gross Salary	592.80	444.60	471.90	409.50
Net Salary	501.09	395.12	414.64	372.37
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	25,043.47			
LIVING WAGE – Gross per week	480.31			
LIVING WAGE – rate per hour	12.32	12.30		

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 did not apply to the 2020 calculation.

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 in an accompanying Technical Document and is available on the website.

Key Changes 2019-2020

The 2020 Living Wage of €12.30 is unchanged from the 2019 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 the cost of household

goods (furniture, appliances, utensils, cleaning products etc), household services (waste charges, maintenance costs etc), food and personal care items (personal hygiene and grooming goods) decreased the cost of the weekly minimum expenditure. These weekly effects produced decreases in the estimated minimum spending amount of €7.27, €4.60, €2.15 and €1.42 respectively. Other changes were smaller including decreases in education costs (-95c per week), car insurance (-33c) and health insurance (-29c).

Key Changes 2019-2020

↓ Living Wage	↑ Living Wage
Cheaper:	More Expensive:
household goods	housing costs
household services	transport costs
food	clothing
personal care	

However, the effects of these decreases in living costs were outweighed by increases in some areas of expenditure. Most notable were increases in housing (rent) costs with higher rental costs throughout the country being the significant driver of the overall increased expenditure costs. In Dublin weekly housing costs increased by 3% (€7.60 per week) while the percentage increase was greater, between 8% and 10%, elsewhere in the state. 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. Illustrating this, if housing costs had stayed at 2019 levels, the 2020 Living Wage would have decreased to €11.90 per hour.

There were also increases in the expenditure costs associated with transport costs (pre-paid bus tickets in cities and car transport costs in other areas) and clothing. These weekly effects produced increases in the estimated minimum spending amount of €8.77 and €4.79 respectively.

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, 2020		
	€ per adult	
Family Type	from	to
Two parents and one child (an infant)	20,540	26,230
Two parents and two children (one in pre-school and one in primary)	21,150	30,095
Two parents and three children (an infant, one in pre-school and one in primary)	24,605	43,315
Two parents and four children (two in primary school and two in secondary school)	32,740	42,500
One parent and one child (in primary school)	20,540	39,855
One parent and two children (one in pre-school and one in primary school)	20,540	56,325

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:

