



LIVING WAGE

Update 2023/24

€14.80 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 €14.80 per hour. The new rate represents an increase of 95c per hour over the 2022/23 rate (€13.85) - an increase of 6.9%.

The living wage is calculated based on living costs and the increased rate is associated with increases in these costs. Over the past year most living costs have increased, including for energy (+23%), food (+21%), personal care (+9.2%), housing (+7%) and social inclusion (+6.3%). These have outweighed lower costs in transport and education to drive the overall increase.

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 announce the new rate at this time of year so that Living Wage employers and employees have sufficient notice to factor the implications of any change 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 (see graph on p3).

The Living Wage calculation is evidence based and built on budget standards research that tracks changes in living costs. 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;
- is unlike to 'Government's Living Wage' figure which is set as a proportion of median earnings.

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. We compare the updated Living Wage to other low pay benchmarks on page three of this document.

Living Wage Calculation for 2023/24

EXPENDITURE	DUBLIN	CITIES	TOWNS	RURAL
Food	59.27	59.27	59.27	59.52
Clothing	13.33	13.33	13.33	13.69
Personal Care	10.65	10.65	10.65	10.34
Health	4.49	4.49	4.49	4.28
Household Goods	6.53	6.53	6.53	6.70
Household Services	4.37	4.37	4.37	2.13
Communications	15.03	15.03	15.03	17.02
Social Inclusion & Participation	59.38	59.38	59.38	50.27
Education	3.22	3.22	3.22	3.22
Transport	31.59	24.75	74.19	84.78
Housing	301.88	203.86	172.85	133.08
Household Energy	35.46	35.46	35.46	36.28
Personal Costs	7.61	7.61	7.61	7.61
Insurance - Health	14.11	14.11	14.11	14.11
Insurance - Car	8.14	6.17
Savings & Contingencies	10.00	10.00	10.00	10.00
Total Expenditure	576.91	472.06	498.61	459.18

INCOME CALCULATION

Annual				
Gross Salary	35,382.20	27,858.40	29,688.52	26,841.67
Net Salary	30,114.39	24,734.87	26,043.40	24,007.91
Weekly				
Gross Salary	678.60	534.30	569.40	514.80
Net Salary	577.57	474.39	499.49	460.45
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	30,072.66			
LIVING WAGE – Gross per week	576.77			
LIVING WAGE – rate per hour	14.79	14.80		

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.

** Where required, the hourly figure is rounded to the nearest €0.05.

Given the exceptional increases in living costs during 2022 and 2023, the annual increase in the Living Wage has not been capped for 2022/23 and 2023/24 - see p23-26 of the accompanying Technical Document.

How is the Living Wage Calculated?

The Living Wage is set by the Living Wage Technical Group (LWTG) based on research identifying the Minimum Essential Standard of Living (MESL) in Ireland, conducted by the Vincentian MESL Research Centre at SVP. 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. A more detailed account of the methodology used to set the Living Wage has been published in an accompanying Technical Document available on our website.

The Living Wage differs from the Government’s Living Wage which adopts a fixed threshold approach as opposed to the “basket of good” approach used by the LWTG. The Government’s living wage will be set at 60% of the median wage by 2026, which is expected to equal €13.80 per hour in 2024 (Budget 2024 will confirm the new rate).

Key Changes over the past year

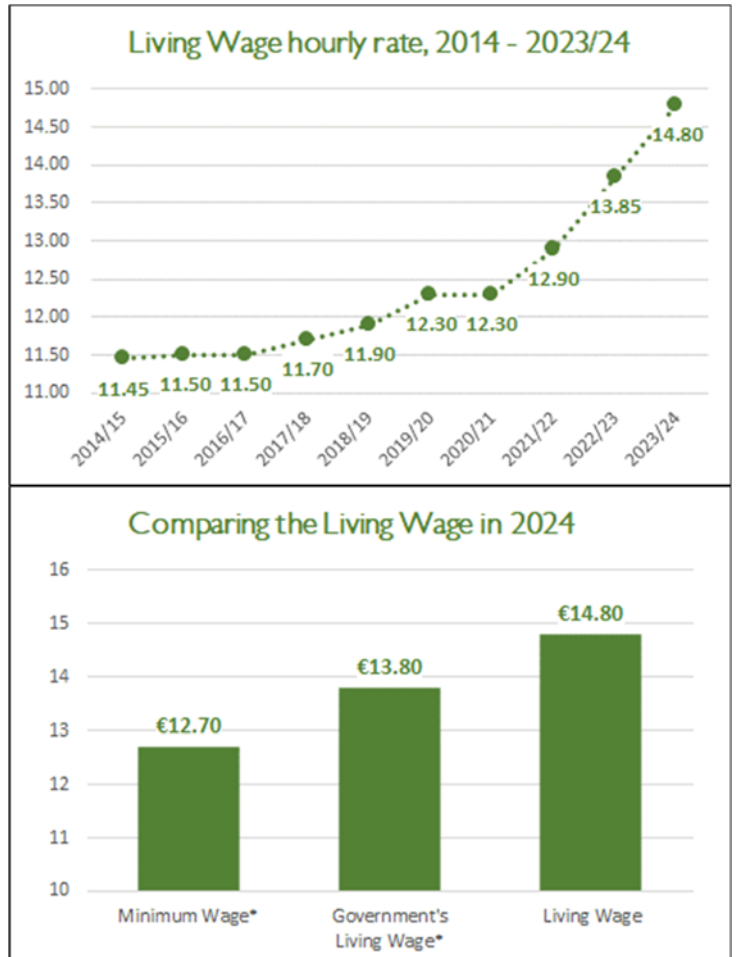
As the Living Wage is calculated based on the cost of the expenditure categories detailed on p2, and on the basis of the post-tax and benefits income an individual receives, it is only changes to these that determine a change in the annual rate. Overall, weekly expenditure needed to increase by 6.9% to continue to meet the minimum standard.

Over the past year living costs have increased for almost all the areas of expenditure included in the calculation. Energy costs (+23%) and food costs (+21%) increased the most during the year to summer 2023 and account for two-thirds of the increase in the Living Wage rate. Other areas of weekly expenditure also grew including personal care (+9.2%), social inclusion (+6.3%), and clothing (+5.9%). Compared to a year earlier, only transport costs fell (-2%).

Housing costs (rent) continue to represent the largest component of weekly expenditure in the Living Wage calculation and increased by an average of 7% (almost €13) per week. The new Rent Tax Credit limited the impact of rising rents, without it the hourly rate would have risen a further 35c to €15.15 per hour.

Key Changes 2022/23 - 2023/24	
↓ Living Wage	↑ Living Wage
Cheaper:	More Expensive:
transport costs	energy costs
changes to tax credits and the USC	food costs
	personal care costs
	social inclusion costs
	housing costs

As the Living Wage calculation is based on price levels at the time of calculation (changes up to summer 2023) some of the most recent increases and decreases in prices are not fully captured by this year’s update. These and subsequent cost of living changes will feed through to next year’s calculations – they will also reflect any Budget 2024 measures.



*Expected rate – to be updated in forthcoming Budget

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 needs 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, 2023		
	€ per adult	
Family Type	from	to
Two parents and one child (an infant)	22,980	30,095
Two parents and two children (one in pre-school and one in primary)	28,265	36,400
Two parents and three children (an infant, one in pre-school and one in primary)	37,010	46,160
Two parents and four children (two in primary school and two in secondary school)	39,040	47,990
One parent and one child (in primary school)	29,485	50,430
One parent and two children (one in pre-school and one in primary school)	23,790	70,560

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:

