



LIVING WAGE 2014

€11.45 PER HOUR

Living Wage Launched

The 2014 Living Wage for the Republic of Ireland has been calculated by the Living Wage Technical Group. It is €11.45 per hour.

The group has also launched:

- a website www.livingwage.ie
- a technical document detailing how the Living Wage has been calculated and will be updated in future years

Looking to the future the group plans to update the Living Wage on an annual basis.

What is a Living Wage?

The Republic of Ireland Living Wage adds to 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 which is grounded in social consensus.

The new 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 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 2014

EXPENDITURE	DUBLIN	CITIES	TOWNS	RURAL
Food	57.05	57.05	57.05	52.87
Clothing	10.49	10.49	10.49	7.81
Personal Care	13.76	13.76	13.76	7.55
Health	4.08	4.08	4.08	5.93
Household Goods	5.92	5.92	5.92	16.36
Household Services	2.88	2.88	2.88	9.95
Communications	9.21	9.21	9.21	9.21
Social Inclusion & Participation	38.35	38.35	38.35	46.37
Education	5.26	5.26	5.26	5.03
Transport	34.38	23.82	54.74	59.58
Housing	165.78	114.37	97.45	69.36
Household Energy	28.77	28.77	28.77	48.23
Personal Costs	7.95	7.95	7.95	8.71
Insurance - Home	1.97	1.97	1.97	1.80
Insurance - Health	13.43	13.43	13.43	13.70
Insurance - Car	10.57	5.85
Savings & Contingencies	10.64	10.64	10.64	10.64
Total Expenditure	409.93	347.95	372.52	378.96

INCOME CALCULATION

Annual				
Gross Salary	25,214.90	20,537.95	22,368.06	22,876.43
Net Salary	21,424.32	18,197.21	19,459.99	19,817.28
Weekly				
Gross Salary	483.60	393.90	429.00	438.75
Net Salary	410.90	349.01	373.23	380.08
Social Welfare				
Medical Card	GP Visit	GP Visit	GP Visit	None

LIVING WAGE CALCULATION

Weighting*	0.2922	0.0905	0.1986	0.4188
	ACTUAL	ROUNDED**		
LIVING WAGE – Gross per annum	23,247.19			
LIVING WAGE – Gross per week	445.86			
LIVING WAGE – Gross per hour	11.43	11.45		

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 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 Living Wage Technical Group has decided to focus the calculation of a Living Wage for the Republic of Ireland on a single-adult household. In its examination of the methodological options for calculating a robust annual measure, the 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.

The calculations present a Living Wage for the country as a whole. As the table on page 2 shows, the methodology examined costs in four regions:

- **Dublin:** Dublin City & Suburbs, and other towns in Dublin County;
- **Cities:** The City & Suburbs of Cork, Galway, Limerick & Waterford;
- **Towns:** All towns with a population of 5,000 and above (excluding those towns in Dublin);

- **Rural / Rest of Ireland:** All towns & villages with a population of under 5,000 and all other rural areas.

The expenditure required varies across these regions and reflecting this so too does the annual gross income required to meet this expenditure. To produce a single national rate, the results of the gross income calculation for the four regions are averaged; with each regional rate being weighted in proportion to the population in the labour force in that region. The weighted annual gross income is then divided by the number of weeks in the year (52.14) and the number of working hours in the week (39) to give an hourly wage. Where necessary, this figure is rounded up or down to the nearest five cent.

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.

Annual Update

The annual update of the Living Wage will be based on the calculations outlined above so that any increases in the wage rate are related to changes in the income required to purchase the aforementioned basket of expenditure items.

However, the Living Wage Technical Group has established 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 established by the group is equal to the percentage nominal increase in private sector average hourly earnings for the calendar year prior to the annual update.

Where it is the case that the ceiling is required, both the living wage (the updated hourly amount limited by the increase in average hourly earnings) and a reference hourly amount (the living wage figure if it was updated by the change in income required) will be published. This process and its impact on the real-value of the Living Wage will be reviewed every five years.

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 will be 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.

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Family Living Incomes – annual gross salary per adult, 2014		
	€ per adult	
Family Type	from	to
Two parents and one child (an infant)	21,045	26,620
Two parents and two children (one in pre-school and one in primary)	20,540	26,030
Two parents and three children (an infant, one in pre-school and one in primary)	28,775	36,600
Two parents and four children (two in primary school and two in secondary school)	28,875	32,535
One parent and one child (in primary school)	17,590	31,010
One parent and two children (one in pre-school and one in primary school)	33,855	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:

