Public Consultation on the phase in of the Living Wage

The purpose of this consultation is to seek your views on the Low Pay Commission recommendations on the phase in of the living wage which are now being considered by the Tánaiste and Minister for Enterprise, Trade and Employment, and on the appended ‘Strawman Proposal’ which provides an illustrative example of how to the phase in of the living wage might be achieved.

The Low Pay Commission (LPC) was requested to examine the Programme for Government commitment to “progress to a living wage over the lifetime of the Government” and make recommendations on how best to achieve this commitment.

The LPC made a total of 18 recommendations on how best Ireland can phase in a living wage.

The primary recommendations regarding the implementation of a living wage are:

* Adopting a fixed threshold approach for the calculation of a living wage (as opposed to a Minimum Essential Standard of Living / “basket of goods” approach) and setting the fixed threshold at 60% of the median wage in the economy;
* Progressing to a living wage of 60% of the economy-wide median wage through a gradual adjustment to the minimum wage over a period of no more than five years;
* No sectoral or regional variation in the living wage; and
* After the 60% of the median wage target has been reached, subject to an assessment of the impact of the progression to the 60%, the Commission should assess the economic practicality of gradually increasing the targeted threshold rate towards 66% of the median wage.

Copies of the LPC’s Living Wage Report and the accompanying research report from Maynooth University are available at [gov.ie - Publications from the Low Pay Commission (www.gov.ie)](https://www.gov.ie/en/collection/9f6d7b-low-pay-commission-publications/).

The ‘Strawman Proposal’ which provides an illustrative example of how phasing in a living wage might be achieved is available at [Living Wage Strawman Proposal.pdf (enterprise.gov.ie)](https://enterprise.gov.ie/en/Consultations/Consultations-files/Living-Wage-Strawman-Proposal.pdf).

The Tánaiste will consider these submissions in the context of finalising the proposals to bring to Government on the phase in of the living wage.

Your Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Organisation (if applicable): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Telephone Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Email: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Please indicate if this submission is made in a personal/employee capacity, an employer capacity or on behalf of your institution, organisation or group.

Name of company, institution, organisation or group covered by this submission:

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Respondents are requested to make their submissions by email to:

livingwage@enterprise.gov.ie

**The closing date for submissions is close of business Wednesday, 17 August 2022**

# Background

In 2021 the LPC was requested by the Tánaiste to examine the Programme for Government commitment to “progress to a living wage over the lifetime of the Government” and to make recommendations on how best to achieve this commitment.

In order to inform its recommendations to Government on the best approach for achieving the Programme for Government commitment, the LPC commissioned research to examine the design of a living wage in an Irish context. This research was conducted by a group of researchers from Maynooth University and considered the policy, social, and economic implications of moving to a living wage as well as the process by which Ireland could progress towards implementing a living wage. The LPC also held targeted consultations with a limited number of stakeholders and representative bodies on the introduction of a living wage in Ireland.

The LPC submitted its report and recommendations to the Tánaiste and Minister for Enterprise, Trade and Employment on 31 March 2022.

To ensure that the views of all stakeholders are considered, submissions are now invited during a nine-week public consultation period from 15 June to 17 August 2022.

# Publication of Consultation Submissions and Freedom of Information

Any personal information, which you volunteer to this Department, will be treated with the highest standards of security and confidentiality, strictly in accordance with the Data Protection Acts 1988 and 2018. However, please note the following:

* The information provided in the submission form will be shared with relevant Government Departments and State organisations during the review process.
* The Department will publish the outcome of the reviews and the submissions received under this consultation on its website, and
* As information received by the Department is subject to the Freedom of Information Act, such information may be considered for possible release under the FOI Act. The Department will consult with you regarding such information before deciding should it be required to disclose it.
* If you wish to submit information that you consider commercially sensitive, please identify that information in your submission and give reasons for considering it commercially sensitive.

# Note Regarding Responses

Respondents are encouraged to keep their responses succinct to each question. Please answer any questions that are relevant to you or your organisation.

**Principle 1 – Calculation of a Living Wage**

In its deliberations, the LPC considered recommending a fixed threshold approach or a Minimum Essential Standard of Living Approach (MESL), i.e. basket of goods approach.

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 Question 1 - Do you agree with the recommendation that a fixed threshold approach should be used for the calculation of a living wage?

**Principle 2 – Fixed Threshold Rate**

The LPC recommended using a fixed threshold approach set at 60% of the median wage

Question 2 – Do you agree that the fixed threshold rate should be set at 60% of the median wage?

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**Principle 3 – Timeline**

The LPC recommended that the adjustment to a living wage set at 60% is made within a period of no more than five years. The ‘Strawman Proposal’ provides an illustrative example of a four-year progression to a living wage, over the period 2023 to 2026 and assuming a 3% average increase in the nominal median wage.

Question 3 – Do you agree with the strawman timeline of four years for achieving a living wage, by 2026?

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**Principle 4 – Regional Variation**

The LPC recommended that there should be no regional variation in the living wage.

Question 4 – Do you agree with the recommendation that there should be no regional variances?

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**Principle 5 – Sectoral Variation**

The LPC recommended that there should be no sectoral variation in the living wage.

Question 5 - Do you agree with the recommendation that there should be no sectoral variances?

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**Principle 6 – Support to Employers**

The LPC recommendedconsideration should be given to how employers with a significant number of low wage employees can be supported during the progression to a living wage.

Question 6 - Do you agree with the recommendation that certain employers should be supported in the phase in of the living wage? If so, what form should these supports take?

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**Any Other Comments**