



Dublin City Community Cooperative, Register Number 5628 R, Registered Charity Number (RCN) 20107079, Unit 1  
Killarney Court, Buckingham Street, Dublin 1

# Submission to The Low Pay Commission on the National Minimum Wage

March 2022

## ***Who we are***

The Dublin Inner City Community Co-operative Society Limited ('the Co-op') was established in November 2014. We are a membership organisation of 13 grassroots Dublin inner city community development organisations which have come together to ensure the continued development and delivery of social, economic and cultural services within our communities.

The Co-op's member organisations are operational in all or parts of Dublin 1,3,7 & 8 as well as disadvantaged city areas in Dublin 2 and 4. Advocacy on issues of social justice and poverty forms a key component of our collective work.

As part of its portfolio of projects the Co-op is the Social Inclusion & Community Activation Programme (SICAP) implementer for the inner city area of Dublin.

Further details on the Co-op can be found at [www.dublincitycommunitycoop.ie](http://www.dublincitycommunitycoop.ie)

## ***Our position***

The Co-op would like to endorse the position of the Living Wage Technical Group of which Social Justice Ireland, Nevin Economic Research Institute (NERI), TASC and SIPTU are members. In this submission we will briefly articulate the reasons for this endorsement and reaffirm the benefits of implementing the Living Wage, as they have been outlined by the aforementioned organisations. Our promotion of this position stems from our work in disadvantaged areas of the inner city. As is highlighted in our recently published *No Child Shall Suffer* report (see appendix), there are working people of the inner city unable to provide an adequate standard of living for themselves and their families. The realisation of the Living Wage would alleviate significant stress and suffering for those we call the 'working poor'.

## ***Inequality***

The last three decades in Ireland have seen great economic growth and the enhancement of living standards. However, these advancements have reaped unequal benefits across our society with Ireland facing widening inequality. Economic inequality has been identified by major international institutions such as the World Bank, the International Monetary Fund, the OECD and the International Labour Organisation as a challenge to be tackled (TASC, 2015). Low pay is a significant driver of inequality and proffers a corresponding solution.

### ***Low pay and in-work poverty***

Those in low pay are defined as full-time workers who earn less than two thirds of median earnings. As demonstrated by NERI, one fifth of Irish workers are on low pay, the second highest rate amongst high income countries in the EU. Thirteen percent of Irish graduates are also on low pay which is double the EU average (Nugent, 2021). According to Social Justice Ireland, approximately 133,627 people in employment are below the poverty line. They also highlight that the in-work poverty figure has remained over 100,000 for several years, demonstrating the pernicious nature of this trend (Dealing with the increased cost of living | Social Justice Ireland, 2022).

### ***Cost of Living + inflation***

The rate of in-work poverty reflects the escalation in the cost of living. According to the Expatistan Cost of Living Index, Dublin is the third most expensive place to live in Europe (2022). In September 2021 the Living Wage Technical Group announced that the living wage had risen to €12.90, up 60c from the previous year. Notably this was the largest single year increase since the establishment of the living wage in 2014. Although the cost of clothing, food and car insurance declined in that year, these costs were outweighed by increases in the cost of housing, transport and energy costs, ultimately culminating in a higher cost of living (Living Wage Update 2021/22, 2022).

Since then, inflation has risen even further, predominately because of energy prices and the worsening conflict in Ukraine. Consequently, the cost of living has also increased, disproportionately impacting lower income, rural and older households (Lower income, rural and older households most impacted by rising inflation | Social Justice Ireland, 2022). So, while the average rate of inflation is 5.7% as of December 2021, for lower income and older households this figure stands at 6.1% (Dealing with the increased cost of living | Social Justice Ireland, 2022).

Relatedly, the cost of living in Ireland is further augmented by high costs for key public services such as GP visit costs and childcare costs (TASC, 2015).

### ***Arguments for the introduction of the living wage***

Considering the rate of Irish people on low pay, in-work poverty, the acute escalation of the cost of living and the yet unknown impact of the war in Ukraine the introduction of the Living Wage increasingly appears a sensible solution.

Though the process of calculating the Living Wage is explained elsewhere, we felt it salient to reiterate that it is derived from public consensus on the Minimum Essential Standard of Living (the minimum standard that no household should have to live below) and the average gross salary that a full-time worker must earn in order to be able to afford this standard. This is significant as it demonstrates what a socially acceptable standard of living is and the wage required to achieve this. Therefore, those who earn minimum wage are at risk of having a quality of life that is not deemed to be acceptable by the public. The depravity of this cannot be overstated.

The absence of a Living Wage suggests that people are unable to afford goods and services essential to an adequate standard of living. Either they are going without these necessities, or the government is providing for these needs through payments such as HAP, the Working Family Payment and resourcing charities which supply food and clothes to those in need. When the working poor fulfil their needs via these sources, the government is effectively subsidising businesses who are paying their employees an inadequate wage. Availing of these payments and services to fulfil one's needs can be an arduous, timely, stressful, and upsetting process.

We at Dublin City Community Co-op strongly endorse the introduction of the Living Wage as the rate of pay for the National Minimum Wage as we believe that people in full-time work deserve a decent and socially acceptable standard of living. Furthermore, we recommend the introduction of the Living Wage in 2022. As the programme implementer of SICAP in the inner city of Dublin we have a duty towards target groups in the area, among them low paid workers. The introduction of the Living Wage would help to ensure that these people do not fall into poverty and protect them from the associated hardship.

Moreover, a primary feature of our work is supporting individuals to enter employment through relevant support and training. We strive to ensure that those individuals are not at risk of facing in-work poverty and that their wage reflects the value of their work.

The social inclusion component of the Living Wage is particularly important for us as SICAP programme implementers. Our work centres around enabling communities and individuals to identify and address social exclusion. Our members provide free or low-cost services and courses e.g. creative writing courses, Safe Pass training and yoga to this end. However, without the provision of a Living Wage the realization of social inclusion is greatly hindered. Research undertaken by the Canadian Centre of Policy Alternatives highlights the detrimental impact that living on a low income can have, particularly on children when they cannot afford to engage in ordinary social events (Saulnier, 2018).

The introduction of the Living Wage would help to reduce widening economic inequality and would benefit the overall economy. Putting more money in the pockets of low-income earners can work to boost consumption, consequently supporting demand and economic growth as well as reducing individuals dependency on social welfare supports from the State. The benefit of protecting incomes can be observed in the economic growth which occurred during 2020 (Nugent, 2021).

### **Conclusion**

The implementation of the Living Wage is not a panacea, but it is a necessary step in the right direction while the Government addresses the cost-of-living crisis. It is positive that the *National Childcare Scheme* and *Housing for All* commit to ensuring affordability in their respective sectors. It is crucial that public infrastructure and services developed are underpinned by principles of accessibility and affordability to achieve a cost of living which does not push people into poverty. The implementation of the Living Wage is a complementary action that can work to reduce poverty, alleviate the suffering of the working poor, and begin to bridge the inequality in our society.

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## Appendix

*No Child Shall Suffer*-Dublin City Community Co-operative, December 2021