

## Simon Communities of Ireland Submission to National Minimum Wage Public Consultation 2022

### Introduction

The Public Consultation on what recommendations the Low Pay Commission should make to Government on the rate of the National Minimum Wage is an important opportunity to ensure that minimum income in Ireland allows for an adequate standard of living.

In 2019 the Simon Communities in Ireland support over 18,000 men, women and children at risk of or experiencing homelessness. We are committed to working towards an Ireland without homelessness. One of the most important tools in the fight against homelessness is those actions we can take to prevent homelessness from occurring in the first instance.

Income adequacy is an important homelessness prevention measure. And in this context the work of the Low Pay Commission is critical to fight against homelessness.

The rise in homelessness from 2013 onwards peaked at over 10,500 people living in emergency accommodation in late 2019, with many thousands more people living in inadequate, overcrowded or insecure accommodation throughout the country. It is important to acknowledge that the number of people in emergency homeless accommodation has fallen in 2020, due to the COVID related moratoria on evictions and increased supply of housing in some areas, particularly for families.

However, the fall in homelessness has been driven by families, with single person homelessness continuing to rise throughout 2020. In fact, single person homelessness had risen to 4,447 by the end of 2020, an 8.6% increase on 2019, despite the moratorium on evictions and the rent freeze. This demonstrates that homelessness remains a critical issue, with a lack of affordability in the private rental market and income adequacy key drivers.

The Simon Communities of Ireland supports the Minimum Essential Standard of Living methodology<sup>1</sup> to determine at what level income must be at to allow for a standard of living free from poverty. On that basis, we recommend that the Low Pay Commission consider recommending to Government that the national minimum wage be set at a level that aligns with a living wage.<sup>2</sup>

### Covid-19 Period

The Covid-19 pandemic-related social welfare payments, set at substantially higher rates than standard welfare payments, are an acknowledgement that the standard social protection rates are insufficient for people to maintain a minimum essential standard of living, free from poverty.

The levels chosen for the pandemic payments demonstrates a recognition that incomes must be set at a higher level than current basic welfare rates, in order to live a life free from

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<sup>1</sup> <https://www.budgeting.ie/>

<sup>2</sup> <https://www.livingwage.ie/>

poverty in Ireland. This principle should equally be allowed to those in low-paid employment, i.e. those in employment earning minimum wage should be able to meet their minimum essential standard of living cost requirements.

The high pandemic related welfare rates were precipitated by the unprecedented public health crisis caused by Covid-19. However, the Simon Communities of Ireland would contend that homelessness equally represents a crisis in thousands of people's lives in Ireland, and minimum income standards, whether they be welfare payment or minimum wage, need to be set at a level that tackles the crisis of homelessness, and that enables people to afford the cost of housing.

### **Persistent Unaffordability in Cost of Renting in Ireland**

Rents have risen each year in Ireland since 2012, and while the rate of increase slowed in 2020, they continued to grow to levels that far exceed affordability for those on average incomes, let alone minimum wage. The Residential Tenancy Board rent index is the national register of tenancies and an accurate account of rental prices in Ireland.

The latest RTB rent index, for Q3 2020,<sup>3</sup> found that rents had grown 1.4% nationally year-on-year, and 0.9% in Dublin year-on-year. It represents the first time that rent increases have remained below 2% for two quarters in a row since 2012.

The RTB figures demonstrate that there has been a slowdown in the growth in rents which has been so relentless since 2012. However, the figures do not indicate that there has been a significant improvement in affordability. In fact, it is striking that while the rent increases were modest in 2020, they have still increased despite the context of a moratorium on rent increases for much of the year (March-August 2020).

Property website daft.ie regularly publishes data in relation to rental properties advertised on its site. Its Q4 2020 Report,<sup>4</sup> showed that rents rose throughout 2020 despite the covid-19 restrictions. The Report showed that rents had increased across the country, except for in Dublin, as compared to Q4 2019. In the context of the moratorium on rent increases, some of the rent increases are strikingly high. Rents were up 9.9% in Kerry, 8.9% in Cork County and 8.5% in Clare. The only region to show rent decreases in the year to Q4 2020 was Dublin, which showed modest decreases of 0.1% in North County Dublin, to a more significant 5.6% reduction in Dublin City Centre. The Report found that the number of rental properties available in Dublin was up 64% on the previous year.

This data demonstrates that despite Covid-19 restrictions, and increased supply associated with the fall-off in tourism throughout 2020, there has not been a significant improvement in affordability nationwide.

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<sup>3</sup>[https://www.rtb.ie/images/uploads/Comms%20and%20Research/RTB\\_Rent\\_Index\\_2020\\_Q3\\_%28WEB%29\\_Final.pdf](https://www.rtb.ie/images/uploads/Comms%20and%20Research/RTB_Rent_Index_2020_Q3_%28WEB%29_Final.pdf)

<sup>4</sup> [https://ww1.daft.ie/report?d\\_rd=1](https://ww1.daft.ie/report?d_rd=1)

The Simon Communities of Ireland regularly undertakes research into the availability of properties on the private rental market within Housing Assistance Payment rates (Locked Out of the Market series).

Our analysis shows that, despite some increased supply on the market, there continues to be a chronic lack of affordable private rental properties on the market.<sup>5</sup>

Addressing this will require an all of government response, in particular we need to see immediate and sustained action on increasing the supply of secure and affordable accommodation. However in the interim those on low incomes cannot be expected to bear the brunt of the housing crisis. Insisting that they do so is a recipe for increasing homelessness.

The Vincentian Partnership for Social Justice has developed a measure for a national living wage, which takes into account inflation and the high costs of the private rental market. The Partnership has determined that the living wage for 2020/2021 should be set at a level of €12.30 per hour. This is set in the context of a rent now accounting for an average of 54% of a single persons minimum living costs in Dublin, and over a third outside of Dublin.<sup>6</sup>

### **Recommendation**

All of the above data indicates that rental prices have continued to increase nationwide, despite the covid-19 moratorium on rent increases during 2020. A chronic lack of affordable properties continues to characterise the market, and this justifies a recommendation to move the national minimum wage to a rate that corresponds to a national living wage of €12.30 per hour, which accounts for the high proportion that rental costs takes up of a person's income.

The Simon Communities of Ireland views an increase in the national minimum wage to the level of a living wage as an important homelessness prevention measure. This is important in the context of the commitment in the Programme for Government to tackle homelessness and to support homelessness prevention measures.

### **Poverty and Income Adequacy**

In addition to the specific area of homelessness prevention, increasing the minimum wage to the level of the living wage is an important anti-poverty measure. There is broad consensus across anti-poverty, homelessness, children's, women's and minority rights groups that moving towards setting welfare rates and the minimum wage to meet the Minimum Essential Standard of Living is a key measure to for tackling poverty and promoting equality amongst marginalised groups.

Increasing the national minimum wage would be consistent with progress towards the national target for poverty reduction. The Programme for Government commits the state to continue working towards the UN's 17 Sustainable Development Goals, aimed at ending

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<sup>5</sup> <https://www.simon.ie/Publications/Research.aspx>

<sup>6</sup> <https://www.livingwage.ie/>

poverty and reducing poverty. The principles of the Sustainable Development Goals should be applied in relation to domestic policy.

The Programme for Government also makes a commitment to gender and equality-proofing. It is important that the Low Pay Commission consider particularly marginalised groups, such as single parent families, people with disabilities, migrants, from an equality perspective when making a recommendation in relation to the national minimum wage.

### ***Recommendation***

In the context of the State's commitment to reducing poverty and to promoting equality, the Low Pay Commission should make a recommendation in relation to the national minimum wage that meets these important public policies, and recommend a move to a national living wage.