

Contents

Introduction	2
Context and Discussion	3
In-Work Poverty and Deprivation	3
Moving to a Living Wage	4
Adequacy of the National Minimum Wage	5
Impact of Earning Disregards and Secondary Benefits	6
Recommendations:	7

Introduction

The Society of St Vincent de Paul ('SVP') welcomes the opportunity to respond to the Low Pay Commission's consultation on the 2026 rate for the National Minimum Wage ('NMW').

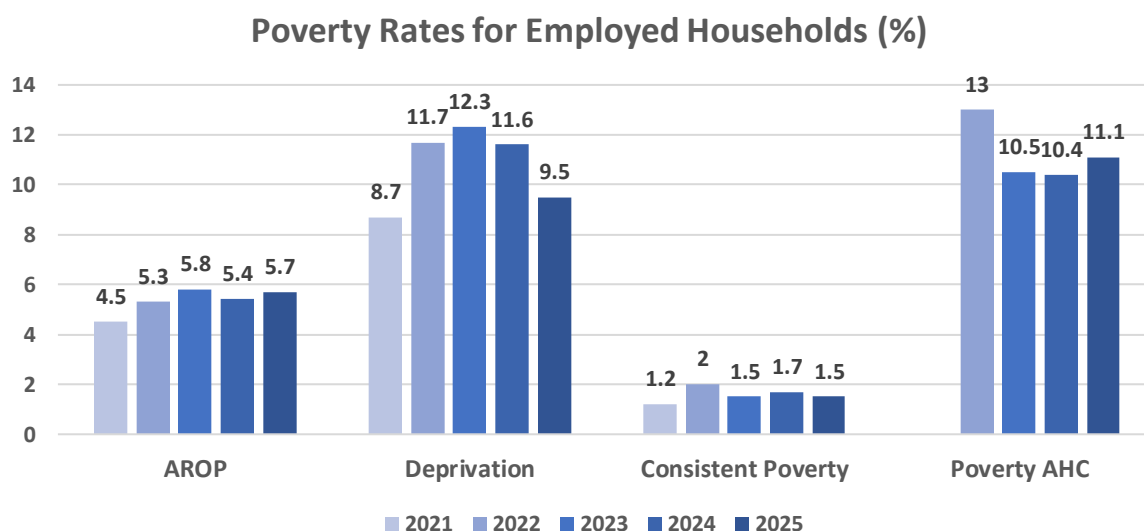
SVP is the largest charity of social concern in Ireland. Every day, our volunteers across the Island of Ireland support people in financial difficulty and experiencing poverty. In 2025, we had over 260,000 requests for assistance, with many of these requests targeting food and energy. Our members support households in low pay work who are struggling with housing costs, energy bills, and food costs, sometimes going without to ensure their children's wellbeing. SVP's submission to the Low Pay Commission is informed by this experience.

The national minimum wage is essential to ensuring that the households SVP supports can meet their minimum needs and live a dignified standard of life. We

advocate for a National Minimum Wage increase to a rate that ensures a Minimum Essential Standard of Living.

Context and Discussion

In-Work Poverty and Deprivation



Source: CSO SILC, 2025 [Key Findings Survey on Income and Living Conditions \(SILC\) 2025 - Central Statistics Office](#)

The above graph shows the percentage of working households in Ireland living in poverty and deprivation from 2021 to 2025. For the at risk of poverty rate after housing costs ('Poverty AHC'), 2021 data is unavailable.

Though there are welcome developments, such as the decrease in the deprivation rate to 9.5%, the overall trend is concerning: across all measures of poverty, rates were higher in 2025 than in 2021. Further, most year-on-year improvements, where they have taken place, have been improvements of less than a percentage point – e.g. a 0.2% decrease in consistent poverty between 2024 and 2025.

These national measures have an inherent time-lag: the 2025 SILC measures poverty based on income in 2024. This year, this time lag means that the above figures for 2025 still reflect poverty rates with cost-of-living measures in place. Without cost-of-

living measures, 6.4% of those employed would have been at risk of poverty¹, compared to 5.7% with these measures in place. Improvements in the deprivation rate – and the related consistent poverty rate – should be understood in the context of these significant income boosts. That the AHC AROP rose despite these cost-of-living measures is concerning.

Moving to a Living Wage

As announced in 2022 in the Government’s National Minimum Wage policy, the NMW rate was to reach a ‘National Living Wage’ rate of 60% of national median hourly earnings by January 2026; last year, this deadline was pushed to 2029. Budget 2026 adopted the Low Pay Commission’s recommendation of a 4.8% increase to €14.15 per hour as a step towards this government Living Wage.

We are disappointed to see the deadline for a National Living Wage pushed to 2029. Workers continue to face unprecedented increases in the cost of living, and the anticipated minimum wage increase would have offered them much-needed protection. SVP worries that this change in deadline reflects a lack of prioritisation of low pay by the Government.

This change in deadline should not prevent the LPC from pursuing ambitious increases to ensure workers can meet costs. The National Minimum Wage must not lose any further ground to the cost of living. SVP encourages the Low Pay Commission to pursue a NMW rate that meets the Minimum Essential Standard of Living.

¹ Central Statistics Office (2026). Survey on Income and Living Conditions (SILC) 2025.
<https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2025/>

Adequacy of the National Minimum Wage

This year's MESL-Living Wage Rate²:

The MESL-based Living Wage rate for 2025/26 is set at €15.40 per hour, a 4.4% increase on the MESL-Living Wage 2024/25 rate.

Living costs increased by 5.8% in the last year of calculations, driven by increases in most living costs, with highest increases in health, insurance, housing, and energy costs. Rent increases account for 2/3 of the change in living costs. These increases outweighed the impact of policy measures such as USC changes, income tax changes, energy credits, and the rent tax credit.

SVP hosts the Vincentian MESL Research Centre and is a member of the Living Wage Technical Group, where we support the calculation of an hourly wage level set by the cost of meeting a Minimum Essential Standard of Living (MESL).

The Technical Group has calculated a MESL-Living Wage rate, rooted in the cost of living, since 2014³. The key difference between the MESL-Living Wage rate and the Government Living Wage is that the MESL-Living Wage rate is based on a basket of goods and services needed to meet minimum needs for a *dignified* standard of living. The Government's Living Wage, as a fixed threshold approach, will not ensure workers can meet minimum living standards amid changing costs.

In 2025, the standard full-time NMW salary met 78.3% of MESL costs for a working-age adult living alone and renting a one-bedroom dwelling in the Dublin area. For those in a rural area, full-time NMW employment met 85.5% of MESL costs.

² Living Wage Technical Group (2025). Living Wage Update 2025/26.

<https://www.livingwage.ie/documents/2025-documents.html>

³ Living Wage Technical Group (2014). Living Wage Technical Document: Calculating a Living Wage for the Republic of Ireland. <https://www.livingwage.ie/documents/archive.html>

The 2025/26 MESL-Living Wage is calculated to be €15.40⁴. The gap between the MESL-Living Wage and the National Minimum Wage has narrowed considerably since 2022/23, with the current NMW falling short by 8%.

Unless the NMW meets a Minimum Essential Standard of Living, workers and their households will need to compromise on basics and go without the essentials they need.

Impact of Earning Disregards and Secondary Benefits

While we understand that the Low Pay Commission is not directly responsible for coordination between the NMW and earning disregards and thresholds for secondary supports, we trust that this is prioritised in the LPC's discussions with Government prior to recommending annual NMW increases.

Key examples which impact minimum-wage workers, include:

One-Parent Family Payment and Jobseeker's Transitional payments: the earnings disregard for the One-Parent Family Payment and Jobseeker's Transitional payments have both been set at €165 per week since 2020. Under the Consumer Price Index, when these disregards were set in 2020, the income disregard was the equivalent of €209.77 today⁵. The real value of these income disregards is 72.9% of 2020 levels.

Given increases in the National Minimum Wage, the rate of OFP or JST payable to those on the NMW is lower than when these thresholds were set in 2020. Keeping these thresholds fixed amidst adjustments to other thresholds results in illogical and stultifying consequences.

⁴ Living Wage Technical Group (2025). Living Wage Update 2025/26.

<https://www.livingwage.ie/documents/2025-documents.html>

⁵ Central Statistics Office (2026). CPI Inflation Calculator. <https://visual.cso.ie/?body=entity/cpicalculator>

Medical card income limits for those whose income is not 100% from social welfare: income limits for this group have not increased since 2005. As noted by the ESRI⁶, this creates inequity between individuals of the same income. For those whose income comes wholly from social welfare, medical card eligibility is automatically updated each year to accommodate changes in social protection rates; people with income from earnings, NMW recipients included, are subject to a threshold frozen at 2005 levels.

Recommendations:

1. Continue to increase the National Minimum Wage

Though the policy aim of a NMW representing 60% of average earnings has been given a new deadline of 2029, we urge the LPC to make ambitious progress toward this goal in its recommendation for 2026. Increases in the cost of living continue to erode the value of workers' wages, and the NMW must increase to ensure workers can meet basic needs.

2. Track the Government's 'National Living Wage' against MESL-Living Wage Costs

SVP favours a living wage based on the MESL-Living Wage. As calculated by the Vincentian MESL Research Centre and the Living Wage Technical Group, this rate ensures workers can afford an agreed, socially acceptable standard of living. Unlike the government's threshold-based Living Wage model, the MESL-Living Wage reflects changes in workers' actual costs.

3. Automatic indexation of earning disregards and key secondary payments and supports

⁶ Keane, C., Sándorová, S. and Walsh, B. (2025). Medical Card Coverage and the Impact of Income Limit Freezes. Economic & Social Research Institute (ESRI). <https://www.esri.ie/publications/medical-card-coverage-and-the-impact-of-income-limit-freezes>

To prevent irregularities and inconsistencies, we recommend that earning disregards and key secondary supports are automatically indexed to adjustments in the National Minimum Wage.

In particular, indexation is needed with childcare supports, earning disregards, National Childcare Scheme subsidies, housing supports, and medical cards. We highlight that the earnings disregards for the One Parent Family Payment and Jobseekers' Transitional Payment have not been adjusted since 2020 despite significant increases in the National Minimum Wage.

4. The inclusion of an analysis of the impact of NMW changes on the value of in-work supports in LPC's annual report.

We recognise that co-ordination on the National Minimum Wage and earnings disregards/income thresholds is not in the direct responsibility of the Low Pay Commission. However, we are confident that including analysis of the impact of NMW changes on the value of in-work supports, earnings disregards, and income thresholds in the LPC's annual report would facilitate this coordination ahead of Budget 2027.