



## Report Infocus

### **Earnings in the Republic of Ireland 2019**

- Growth benefits those at  
the top of the distribution

Wages continued to grow in 2019 for a second year running (2.4 per cent), following years of stagnation. At the end of 2019, average weekly wages were just 7.9 per cent up on the same quarter in 2008, in real terms. However, this was skewed in favour of those at the higher end of the skill and wage spectrum (*Managers, Professionals and Associated Professionals*). Average weekly earnings were still down in several sectors associated with public sector employment (*Education, Human Health and Public Administration*). The group who were furthest from recovering from the financial crisis were low-skilled, public sector workers with average weekly earnings 9.8 per cent lower in real terms in 2019 than in 2010. Average weekly earnings also fell in the *Transport and Storage, Financial and Insurance Activities* and *Real Estate Activities* sectors between 2018 and 2019.

The analysis uses the most up-to-date data the Earnings, Hours and Employment Costs Survey (EHECS) and Earnings using Administrative Data Survey (EADS) provided by the Central Statistics Office. EHECS data is available up to the final quarter of 2019, while EADS provides breakdowns by different groups up to 2018. Unfortunately, EHECS data is only available from 2008 on and EADS from 2011 on. As such, it is difficult to fully grasp the impact of the 2008 financial crisis on Irish wages.

## Wages

According to the data from the Earnings, Hours and Employments Costs Survey in the year up to the final quarter of 2019, average weekly earnings grew 3.5 per cent or 2.4 in real terms<sup>1</sup> (Table 1). From 2008 to 2019 however, annual average real earnings growth averaged under 1 per cent. In 11 years, average weekly earnings were up by 8.6 per cent or 7.9 per cent in real terms.<sup>2</sup> Average hourly earnings grew at a similar pace (3.6 per cent or 2.5 in real terms). The data shows however, there was considerable divergence in earnings growth by sector, by age group and by skills level, both in 2019 and over the past number of years.

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<sup>1</sup> Consumer Price Index, Nov 18-Nov19= 1.1 per cent, Nov 08-Nov 19= 0.7 per cent (CSO 2020c)

<sup>2</sup> The consumer price index tracks the cost of a typical 'basket' of goods, or inflation in living costs and as standard practice, it is used here to calculate 'real' changes in income. It's important to note at this stage however, that the typical basket of goods is different for different groups in society. Growth in rental costs for instance have far exceeded increases in CPI over the past decade and thus controlling for CPI underestimates the 'real' rise in living costs for this group and overestimates real term gains. Average monthly rent rose by 82 per cent between Nov 2009 and Nov 2019 (<https://www.daft.ie/report/2019-Q4-rental-daftreport.pdf>).

**Table 1 Average Weekly Earnings (Euro)**

	2008 Q4	2013 Q4	2018 Q4	2019 Q4	%Δ 08-19	%Δ 08-19 (real)	%Δ 18-19	%Δ 18-19 (real)
All NACE sectors	721	694	757	783	8.6%	7.9%	3.5%	2.4%
Industry (B to E)	818	831	899	919	12.3%	11.6%	2.2%	1.1%
Construction (F)	788	731	800	821	4.2%	3.5%	2.7%	1.6%
Wholesale and retail trade; ..(G)	518	533	594	604	16.4%	15.7%	1.7%	0.6%
Transportation and storage (H)	796	755	844	810	1.7%	1.0%	-4.1%	-5.2%
Accommodation and food (I)	348	314	354	381	9.6%	8.9%	7.5%	6.4%
Information and communication (J)	959	1002	1168	1241	29.3%	28.6%	6.2%	5.1%
Financial and insurance act... (K)	1022	1035	1154	1160	13.5%	12.8%	0.5%	-0.6%
Real estate activities (L)	678	540	741	741	9.3%	8.6%	0.0%	-1.1%
Professional, scientific and tech.... (M)	822	817	924	973	18.3%	17.6%	5.3%	4.2%
Administrative and support ser.. (N)	496	496	597	616	24.2%	23.5%	3.2%	2.1%
Public administration and defence;. (O)	982	925	953	971	-1.1%	-1.8%	2.0%	0.9%
Education (P)	890	816	855	873	-1.9%	-2.6%	2.1%	1.0%
Human health and social work activities (Q)	772	672	723	758	-1.8%	-2.5%	4.8%	3.7%
Arts, entertainment & rec.. (R)	495	513	532	541	9.4%	8.7%	1.8%	0.7%
Other service act...(S)	522	464	459	485	-7.2%	-7.9%	5.6%	4.5%

Source: CSO (2020b) Earnings, Hours, Employment Costs Survey –Table EHQ03

**Table 2 Average Hourly Earnings (Euro)**

	2008 Q4	2013 Q4	2018 Q4	2019 Q4	%Δ 08-19	%Δ 08-19 (real)	%Δ 18-19	%Δ 18-19 (real)
All NACE sectors	22	22	23	24	8.7%	8.0%	3.6%	2.5%
Industry (B to E)	21	22	23	24	12.7%	12.0%	3.3%	2.2%
Construction (F)	21	20	22	22	5.0%	4.3%	3.0%	1.9%
Wholesale and retail trade; (G)	17	17	19	20	17.7%	17.0%	3.8%	2.7%
Transportation and storage (H)	21	21	23	23	9.1%	8.4%	-0.2%	-1.3%
Accommodation and food service activities (I)	13	12	13	14	6.4%	5.7%	3.9%	2.8%
Information and communication (J)	27	28	32	34	27.2%	26.5%	4.9%	3.8%
Financial and insurance activities (K)	30	30	32	33	9.9%	9.2%	2.2%	1.1%
Real estate activities (L)	21	18	24	24	11.3%	10.6%	-3.2%	-4.3%
Professional, scientific and tech.....(M)	25	25	27	28	13.0%	12.3%	4.1%	3.0%
Administrative and support ...(N)	16	17	19	19	18.9%	18.2%	3.9%	2.8%
Public administration and defence; ... (O)	28	25	26	26	-4.9%	-5.6%	1.4%	0.3%
Education (P)	35	34	36	37	3.8%	3.1%	1.9%	0.8%
Human health and social work activities (Q)	25	22	23	24	-4.8%	-5.5%	3.2%	2.1%
Arts, entertainment and recreation (R)	17	18	18	20	17.8%	17.1%	9.4%	8.3%
Other service activities (S)	17	17	17	17	0.4%	-0.3%	0.8%	-0.3%

Source: CSO (2020b) Earnings, Hours, Employment Costs Survey –[Table EH03](#)

Average weekly earnings were highest in the *Information and Communications* sector at €1,241. Over 11 years (the maximum time frame available) this sector also experienced the highest wage growth at 28.5 per cent in real terms and the second highest annual growth up to the end of 2019, at 6.2 per cent or 5.1 in real terms. Weekly earnings were second highest in *Financial and Insurance activities* at €1,160, though nominal growth in the year up to 2019 Q4 lagged behind inflation (average real earnings fell by 0.6 per cent). Average weekly earnings were lowest in *Accommodation and Food* at just €381 and far behind the next lowest sector *Arts, entertainment and recreation* at €541, a difference of 42 per cent. Workers in *Accommodation and Food* experienced decent real wage growth in 2019 for the first time since the financial crisis, driven for the most part by higher average weekly hours and an increase in the national minimum wage. Strong weekly earnings growth was also recorded in 2019 in *Professional, Scientific and Technical Activities* (5.3 and 4.2 per cent in real terms) and *Human Health and Social work activities* (4.8 and 3.7 per cent in real terms). Weekly earnings fell on average by 4.1 per cent or 5.2 in real terms in *Transportation and Storage*, the only sector to experience a nominal decline. Nominal earnings stagnated in *Real Estate activities* in 2019, translating to a real term drop of 1.1 per cent.

National average hourly earnings increased by slightly more than weekly earnings in 2019 at 3.6 per cent or 2.5 in real terms (Table 2). The strongest growth was in one of the lowest paid sectors, *Arts, entertainment and recreation* at 9.4 per cent or 8.3 in real terms. This contrasts with much slower weekly earnings growth in the sector, with average working hours falling in the same period. The second best performing sector over the year was *Information and Communications*, the sector with the highest average hourly earnings (€34) at 4.9 per cent in 2019, or 3.8 in real terms, followed by a 3.0 per

cent real term improvement in *Professional, Scientific and Technical activities* (€28), also one of the higher earning sectors. Some lower paid sectors experienced strong gains also. *Accommodation and Food* saw a nominal increase of 3.9 per cent per hour on average (2.8 per cent in real terms), while *Wholesale/Retail* saw a 3.8 per cent gain (2.7 in real terms). These two sectors have the highest shares of minimum wage workers<sup>3</sup> and a minimum wage increase of 2.6 per cent in January 2019 drove a considerable share of the gains. In 2019, real hourly earnings fell in both *Real Estate Activities* and *Transportation and Storage* by 4.3 and 1.3 per cent respectively.

**Table 3 Average weekly earnings by occupation (skill/education level)**

	2010 Q3	2013 Q3	2016 Q3	2018 Q3	2019 Q3	Δ 10-19	Δ 10-19 real	Δ 18-19	Δ 18-19 real
<b>Managers, professionals and associated professionals</b>									
Business and services (B to N,R,S)	1152	1240	1298	1361	1400	21.6%	15.0%	2.9%	2.2%
Public admin, education and health (O to Q)	997	1065	1156	1218	1231	23.5%	16.9%	1.0%	0.3%
NACE sectors (B to S)	1073	1153	1213	1274	1297	20.9%	14.3%	1.8%	1.1%
<b>Clerical, sales and service employees</b>									
Business and services (B to N,R,S)	447	441	473	505	520	16.4%	9.8%	3.0%	2.3%
Public admin, education and health (O to Q)	547	518	547	575	574	4.9%	-1.7%	-0.2%	-0.9%
NACE sectors (B to S)	476	468	482	514	523	9.9%	3.3%	1.9%	1.2%
<b>Production, transport, craft and other manual workers</b>									

<sup>3</sup> <https://www.cso.ie/en/releasesandpublications/er/lfsnmw/lfsnationalminimumwageestimatesq42019/>

Business and services (B to N,R,S)	504	495	527	578	584	15.9%	9.3%	1.1%	0.4%
Public admin, education and health (O to Q)	506	427	449	476	490	-3.2%	-9.8%	2.9%	2.2%
NACE sectors (B to S)	501	485	503	550	557	11.2%	4.6%	1.3%	0.6%

Source: CSO (2020b) Earnings, Hours, Employment Costs Survey –Table EHQ03

The CSO also publish EHECS data on wide occupational grouping (Table 3). This is collected by nine occupational categories separated by skills requirement. The earnings data has been further grouped into three broader categories of the top, middle and bottom of the skills spectrum; 1) *Managers, professionals and associated professionals*, 2) *Clerical, sales and service employees* and 3) *Production, Transport, craft and other manual workers*. The first category includes workers whose jobs are associated with the highest skills level requirement or most education/training. The bottom category requires least. This grouping as published is less than ideal however, as the bottom category includes a mix of occupations which require skills level 1 and 2 (the middle category is all skill level 2 and the top category is a mix of 3 and 4). Thus, the bottom two categories look very similar in their average earnings, and in fact in 2019, the grouping has meant that earnings in what is supposed to be the lowest skills category is slightly higher than the middle group. Unfortunately, this data is only available back to 2010, which is again not ideal for examining the effects of the financial crisis on wages for different groups. Average wages dropped in the two years leading up to 2010. This data does allow us however, to examine in broad terms, private versus public sector earnings for these broad groups (*Business and Services vs Public Admin, Education and Health*).



SOCODE UK- major groups	Skill level
1 - Managers, directors and senior official	3+4
2 - Professionals	4
3 - Associate Professional & Technical Occupations	3
4 - Administrative and Secretarial Occupations	2
5 - Skilled Trades Occupations	
6 - Caring, Leisure and other service occupations	
7 - Sales and customer service occupations	
8 - Process, Plant and machine operatives	
9 - Elementary occupations	1

There is a clear pattern since 2010. Earnings have increased by far more at the top of the distribution, although growth has been very slow across the board. The average weekly wage increased for *Managers, Professionals and associated professionals* by 20.9 per cent in nine years or 14.3 per cent in real terms, with 1.8 per cent of it recorded in the year up to Q3 2019 (1.1 per cent in real terms).<sup>4</sup> This group earn 13.7 per cent more per week in the private sector than in the public sector (€1,400 compared to €1,231). Though the public sector group have made slightly higher gains since 2010 (23.5 per cent compared to 21.6 or 16.9 to 15.0 per cent in real terms), growth in the final year has favoured the top income earning group in the private sector (2.9 per cent compared to 1.0 or 2.2 per cent and 0.3 in real terms).

For the 'middle' group of *Clerical, sales and service employees*, average earnings have grown just 9.9 per cent in nine years, a 3.3 per cent real term increase. In Q3 2019, average weekly earnings were €523. In the year between Q3 2018 and Q3 2019, average earnings grew by 1.9 per

<sup>4</sup> Consumer Price Index between August 2010 and August 2019 was 0.7 per cent (CSO 2020c)

cent (1.2 in real terms) for this group. Public sector workers in this skill level earned 10.4 per cent more on average per week in 2019 than in the private sector (€574 compared to €520). However, the gap has narrowed considerably since 2010 as real term earnings in the public sector have actually fallen by 1.7 per cent while private sector workers have seen a real term increase of 9.8 per cent. Nominal growth in those nine years were 4.9 per cent and 16.4 respectively. While there was strong growth for the private sector in the last year of 3.0 per cent (2.3 in real terms), earnings fell by 0.2 per cent for this group in the public sector. This represents a 0.9 per cent decrease in real earnings over the year.

Trends in the 'bottom' group mirror closely those of the middle. An average weekly gain of 11.2 per cent or 4.6 per cent in real terms over nine years, masks a significant decrease for those in the public sector and an increase in the private sector. Average weekly earnings were €557 in Q3 2019, €584 in the private sector and €490 in the public sector (a 19.2 per cent difference). Earnings were almost identical in public and private in 2010 (€504 and €506). Public sector weekly earnings fell by 9.8 per cent in real terms over nine years (-3.2 per cent in nominal terms) for this 'lowest skilled' group. At the same time, they increased by 15.9 or 9.3 per cent in real terms in the private sector. In the last year of data, this trend was reversed with public sector earnings increasing by 2.9 compared to 1.1 per cent (2.2 and 0.4 per cent in real terms respectively).

The Earnings using Administrative Data Survey is also collected and published by the CSO and gives an insight into the earnings of other groups and the distribution of earnings in the Irish labour market. Unfortunately, again, the data are only available back to 2011 with the most recent data for 2018 making an analysis for the real effect of the

financial crisis on earnings for various groups impossible.

The CSO published a report for 2018 with many of the same indicators as just examined in EHECS. Rather than repeating those findings, I've picked a few interesting estimates that further our understanding of the distribution of Irish earnings. 63.5 per cent of Irish workers earn less than the average (€740 a week), 28.7 per cent earn less than €400 a week, 68.1 per cent in Accommodation and Food earn less than €400, 43.9 per cent in Wholesale/Retail earn less than €400, 25.7 per cent of women earn less than €300 a week and 34.1 per cent of 25-29 year olds earn less than €450.

Table 4 and 5 show the available data by age group. The median, marks the middle point in the distribution i.e. fifty per cent earn higher and fifty per cent lower than the median. Median earnings for all Irish workers was €593 a week, up just 5.7 per cent in real terms in seven years or 8.8 in nominal terms. Of the age groups considered here, the highest gains were for the eldest group, 60 plus at 14.8 per cent or 11.7 per cent in real terms. This was followed by 8.5, 6.6 and 6.3 per cent real term increases in the 25-29, 15-24 and 40-49 per cent age brackets (or 11.6, 9.7 and 9.4 per cent nominal increases). Remember, average monthly rent increased by over 70 per cent in the same period. A significant portion of the gains for the 25-29-year-old group happened in the final year of the data 2017-2018, where earnings grew by 4.8 or 4.4 per cent in real terms. Half of this group earned less than €544 per week in 2018. Over half the improvement for the 30-39-year-old group over seven years occurred in the final year (3.5 per cent or 3.1 in real terms) as earnings for this group did not turn around until after 2015.

#### **Table 4 Median Weekly Earnings by age group**

	2011	2013	2015	2017	2018	2011-18	2011-18 real	2017-18	2017-18 real
15 - 24	268	259	270	287	294	9.7%	6.6%	2.6%	2.2%
25 - 29	488	475	484	520	544	11.6%	8.5%	4.8%	4.4%
30 - 39	633	621	620	645	667	5.3%	2.2%	3.5%	3.1%
40 - 49	657	667	677	698	718	9.4%	6.3%	3.0%	2.6%
50 - 59	640	649	648	664	680	6.3%	3.2%	2.5%	2.1%
60+	444	454	469	497	510	14.8%	11.7%	2.5%	2.1%
15+	545	547	551	576	593	8.8%	5.7%	2.9%	2.5%

Source: CSO (2020c) Earnings Analysis Using Administrative Data Sources –Table NSA87

For every group other than the youngest, mean average earnings increased by more than the median, reflecting stronger gains in the top half of the distribution than the bottom for the respective groups. Mean real term earnings were 6.5 per cent higher in 2018 than in 2011, 9.6 per cent in nominal terms. Over seven years, the strongest growth in mean weekly earnings was for the 25-29-year-old group at 12.6 per cent or 9.5 in real terms. This group also recorded the highest gains in the year up to 2018, earning €602 on average (up 4.7 per cent or 4.3 in real terms). Growth for the 40-49-year-old group was also above average over seven years at 9.9 per cent (6.8 in real terms).

**Table 5 Mean Weekly Earnings by age group**

	2011	2013	2015	2017	2018	2011-18	2011-18 real	2017-18	2017-18 real
15 - 24	302	291	298	318	329	8.9%	5.8%	3.2%	2.8%
25 - 29	535	524	535	575	602	12.6%	9.5%	4.7%	4.3%
30 - 39	726	713	720	754	783	7.8%	4.7%	3.8%	3.4%
40 - 49	826	835	852	880	908	9.9%	6.8%	3.2%	2.8%
50 - 59	799	802	814	841	869	8.7%	5.6%	3.3%	2.9%
60+	606	603	610	641	662	9.2%	6.1%	3.3%	2.9%
15+	676	677	687	716	741	9.6%	6.5%	3.4%	3.0%

Source: CSO (2020c) Earnings Analysis Using Administrative Data Sources –Table NSA87







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