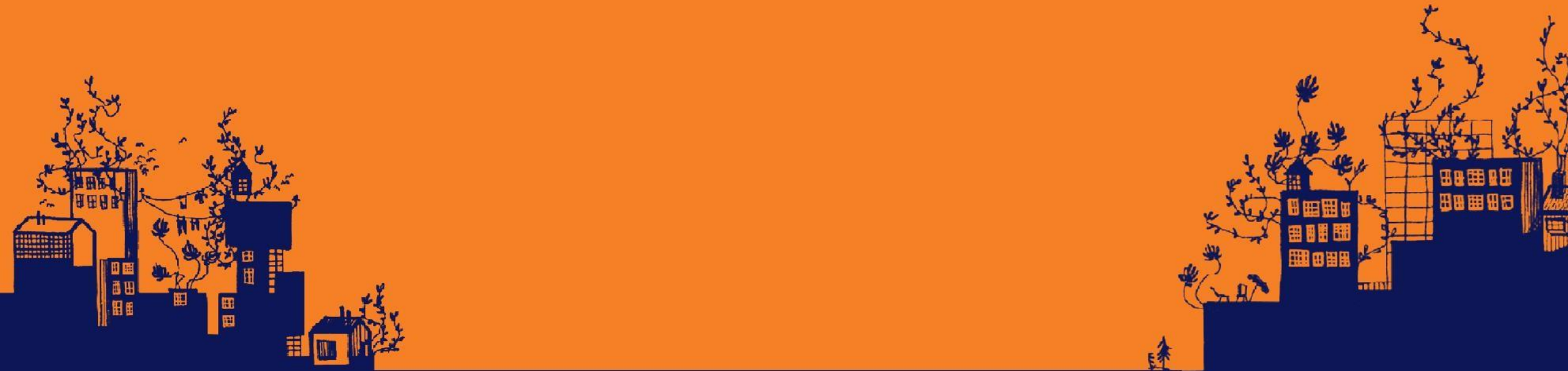

MINIMUM DECENT WAGE 2023

Press Conference 16 April 2024



INTRODUCTION



A tool for the purchasing power crisis

- Existing tools **are not sufficient to capture working poverty** (wage average/median; minimum/guaranteed wages; material deprivation/risk of income poverty).
- Especially now, it is a tool to practically grasp the **enormous decline in real wages in the Czech Republic**, especially in the context of the long-lasting problem of low wages.
- The existence of working poverty and the associated economic insecurity of large sections of society has **far-reaching consequences both at the individual level** (debt, health, education, relationships) and at the **societal** (social systems, distrust of the political system).

Minimum decent wage

"Every worker has the right to a fair and satisfactory remuneration which ensures for himself and his family a livelihood adequate to human dignity."

Article 23 (3) Universal Declaration of Human Rights

"Minimum decent wage is a remuneration for work during normal working hours that provides workers and their households with enough money to live on, which is perceived by most of society as a certain basic standard."

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MDM 2023 UPDATE



What are we counting?

- **gross monthly wage**
- ensuring a dignified life for **1+1 person**
- is based on **an estimate of the expenditure required** by consumption category
- **backward indicator of** working poverty/low labour income

DECENT MINIMUM WAGE IN 2023

45 573 CZK

***IN PRAGUE 47 718 CZK**

1 800 € / 1 886 € in Prague



MINIMUM DECENT WAGE 2023

	Expenditures (Czech Republic)	(Prague)	
Housing	14 713	16 133	Year- on-year growth of 11% (or 12% in Prague)
Food	8 194	8 442	
Clothes + shoes	1 460		
Transport	1 946		
Health and hygiene	1 348		
Telecommunications	1 446		
Free time	3 774		
Savings	4 597		
Gross wage	45 473	47 718	

BELOW THE MDM THRESHOLD IS

67 %

OF CONVERTED EMPLOYEES

***IN PRAGUE 52 %**

FELL BELOW THE THRESHOLD YEAR-ON-YEAR

184 000 EMPLOYEES



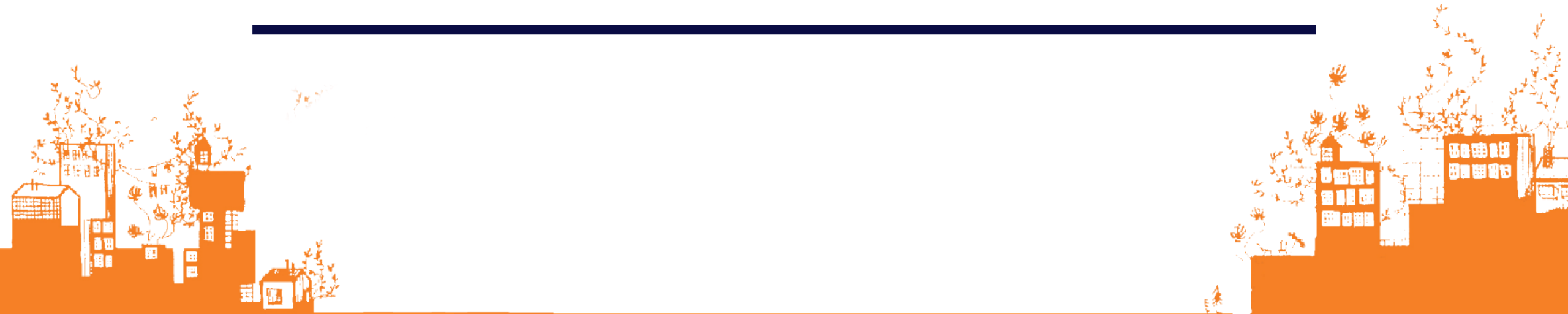
BELOW THE MDM THRESHOLD IS

57 %

MALE EMPLOYEES

%71 %

FEMALE EMPLOYEES



BELOW THE MDM THRESHOLD IS

92 % professional social workers **and social workers in social services** in residential care

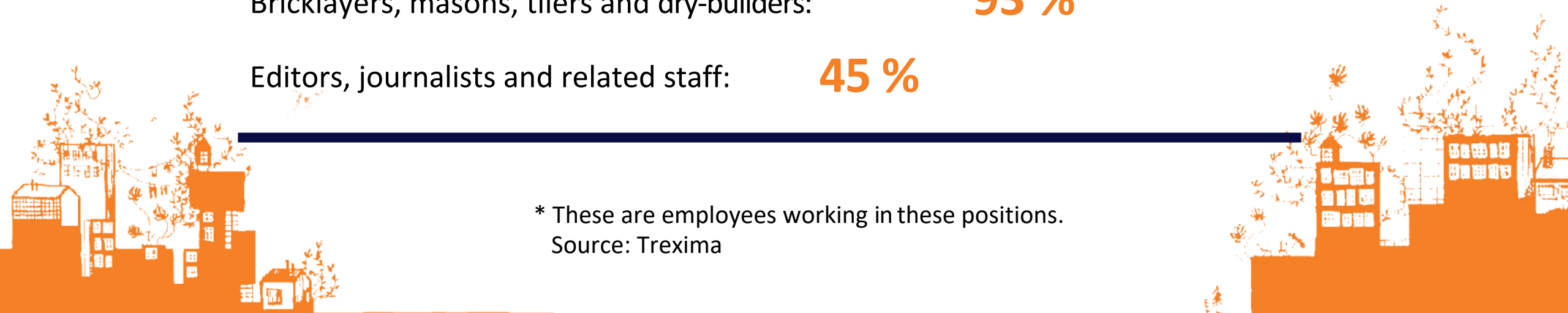
70 % professional staff of the **employment offices**

Plumbers, pipefitters, building locksmiths and building plumbers: **80**

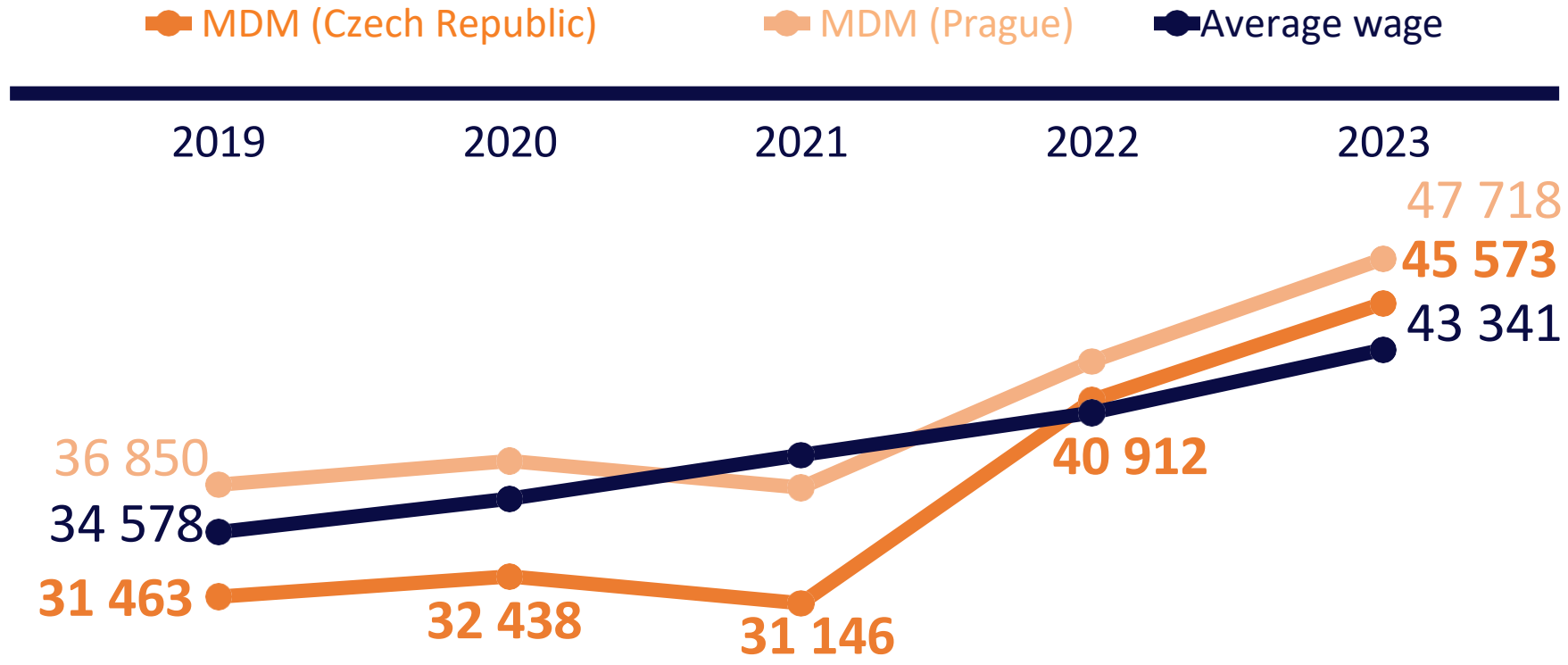
Bricklayers, masons, tilers and dry-builders: **93 %**

Editors, journalists and related staff: **45 %**

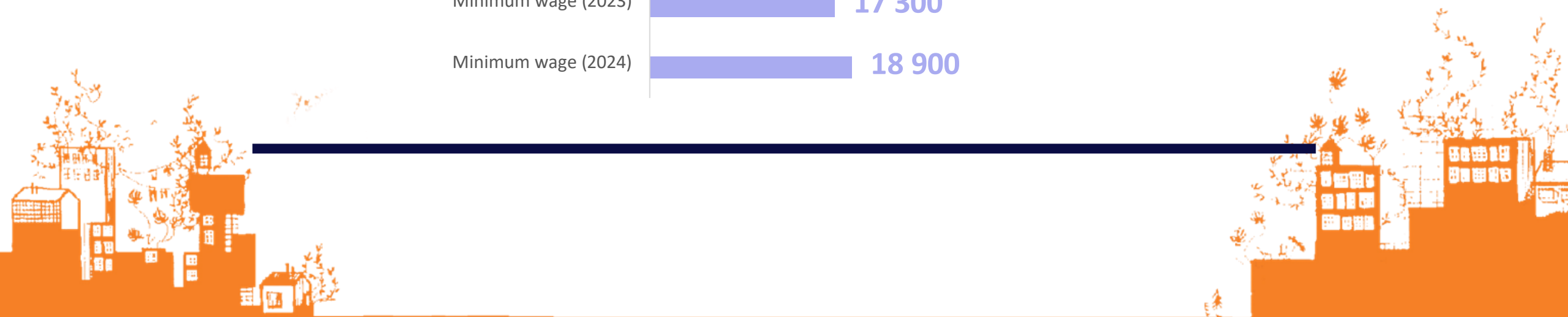
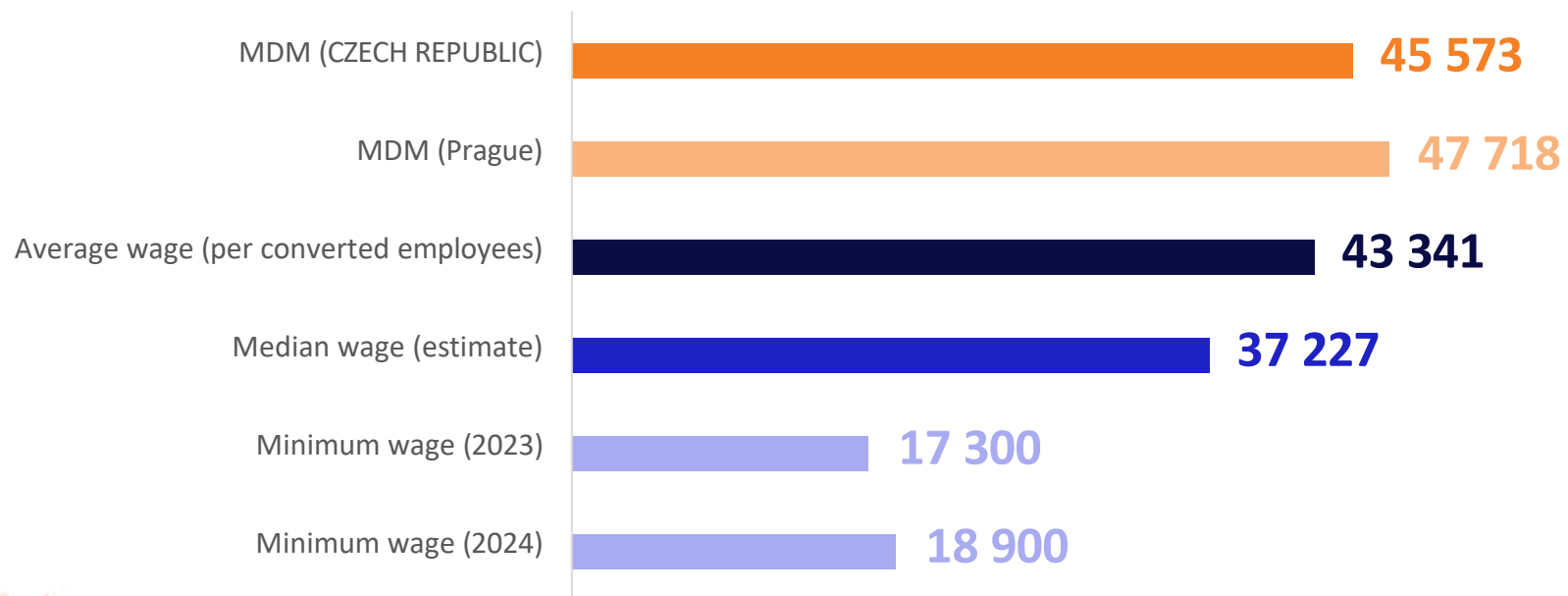
* These are employees working in these positions.
Source: Trexima



MINIMUM DECENT WAGE OVER TIME



MDM IN WAGE DISTRIBUTION

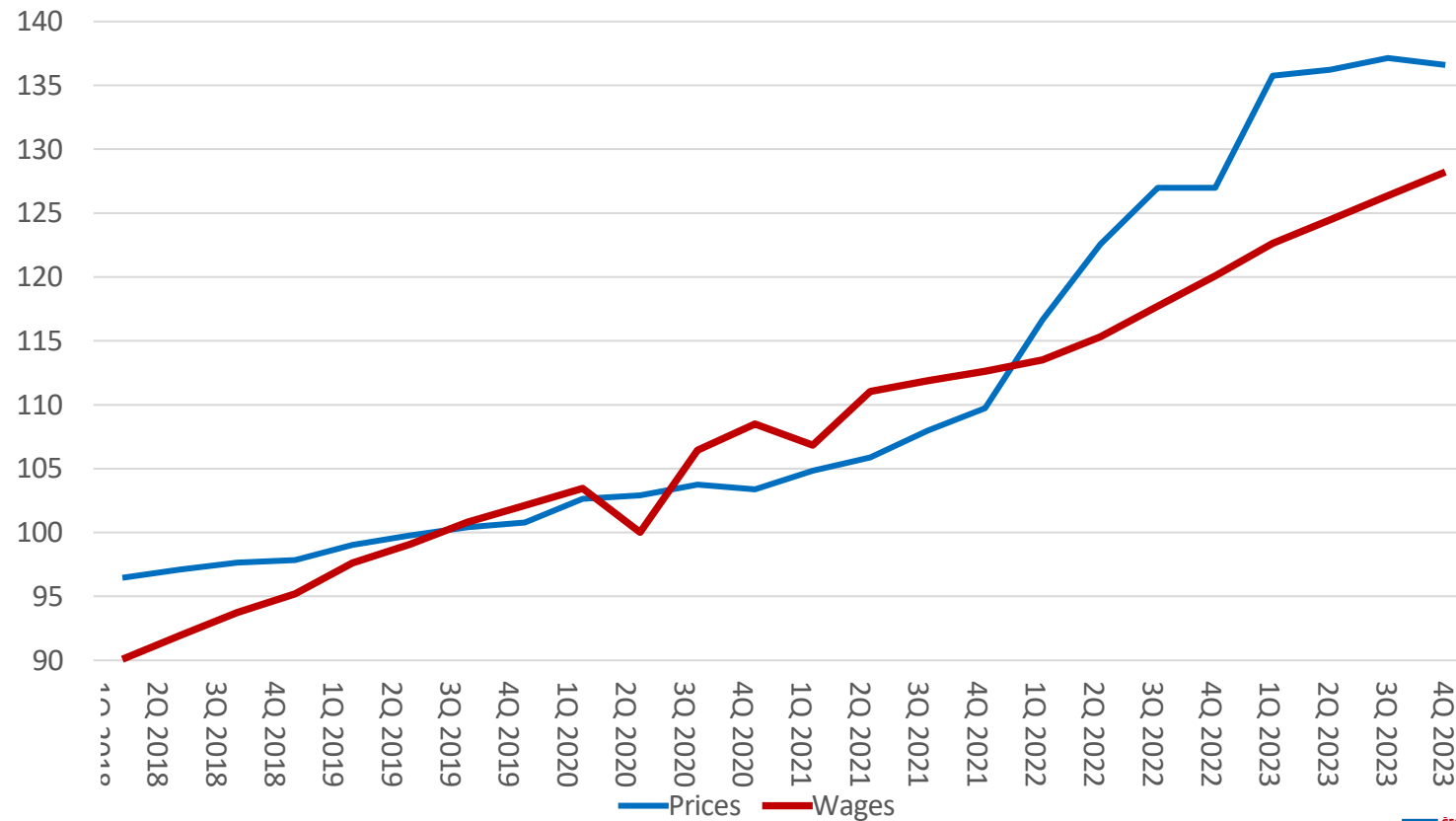


WAGE CRISIS, POVERTY TRANSFORMATION

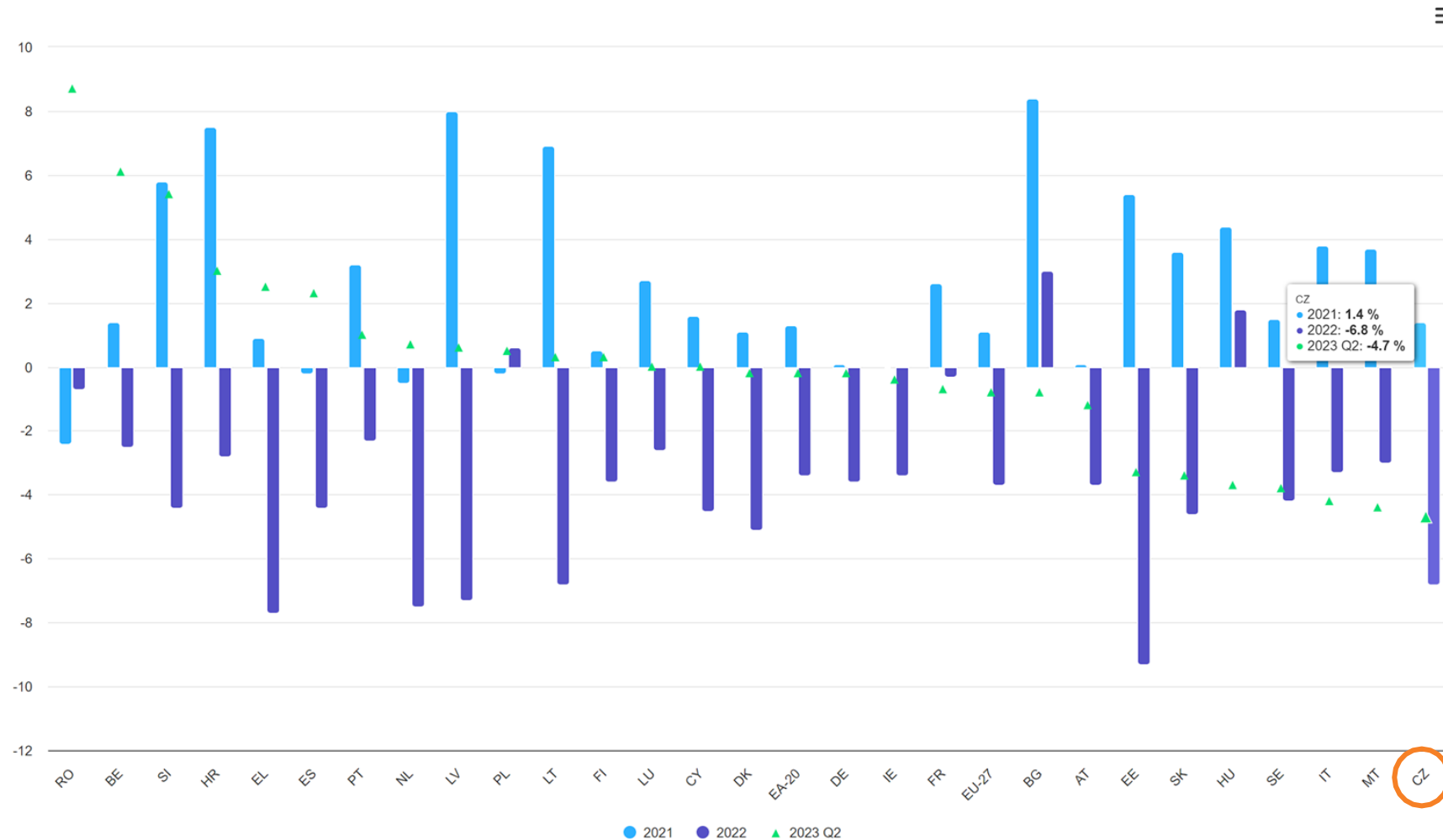


Wages lag behind prices

Consumer price index and wage index (seasonally adjusted), 2019 = 100%



Czech employees saw the biggest fall in real wages in the EU

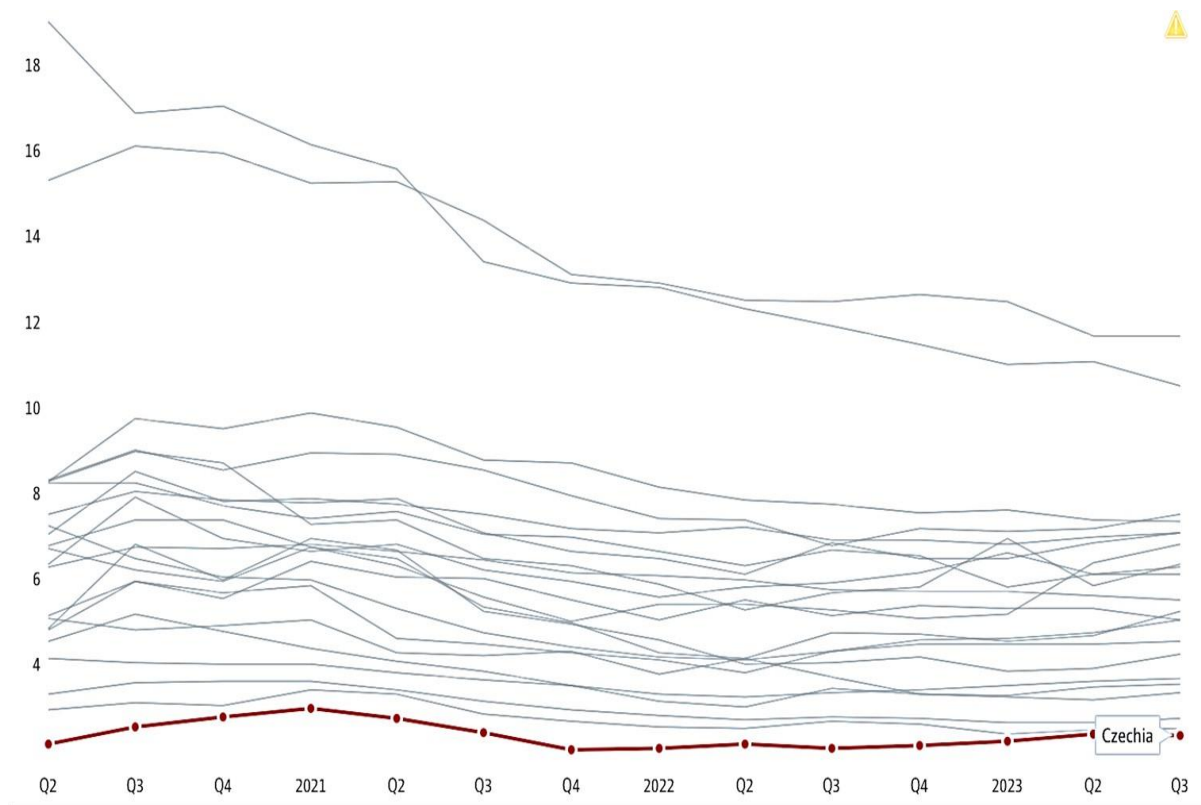


Czech households are getting poorer even though they work

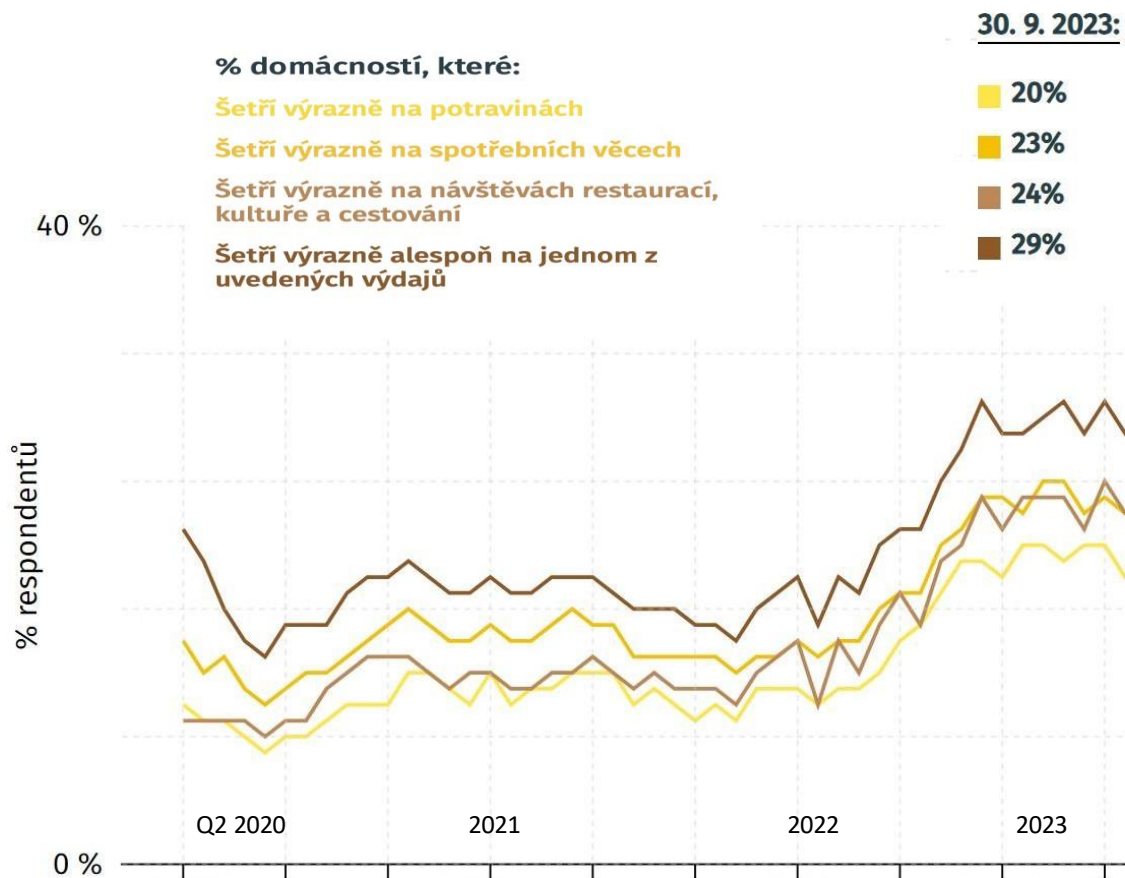
- 2023: 30% increase in the number of beneficiaries of food banks (400,000) (*Food Banks*)
- 2023: 55% of households with children with income below the median does not save anything or is in deficit (increase of 10 p.p. compared to Q1 2022) (*Život k nezaplacení*)
x
- long-term lowest unemployment in the EU: 2.5-2.7% (*OECD*)
- 2023: the number of recipients of material hardship benefits does not grow (0.2% change compared to 2022) (*MLSA*)

Unemployment rate in the CZ

(Q2 2020-Q3 2023)



Limiting household spending



Why is this important?

- The need to work overtime / combine multiple jobs at the expense of family, health, leisure
- Problematic strategies with health impacts (e.g. blood plasma donation)
- Debt risk - increase in foreclosures per FO by 30,000 during 2023
(Chamber of Executors)
- Gender impacts (dependent relationships, poverty of single-parent families and elderly women)
- Stress, insecurity with impacts on health, household functioning, children
- Distrust of the political system, feeling of loss of voice and representation
- Economic impacts: low purchasing power of the population, profit outflow
- Polarisation, intergenerational transmission of inequalities
- **Not being able to work for a living reduces trust in democracy.**

STEPS TO ACHIEVE DECENT PAY



Strengthening accessible public services

- the massive fall in real incomes can be compensated not only by increasing wages, but also **by reducing necessary expenditure**
- Instrument: strengthening and extending **free or accessible public services**
- Examples: public transport, health, children's leisure activities, education and culture, but also effective housing policy

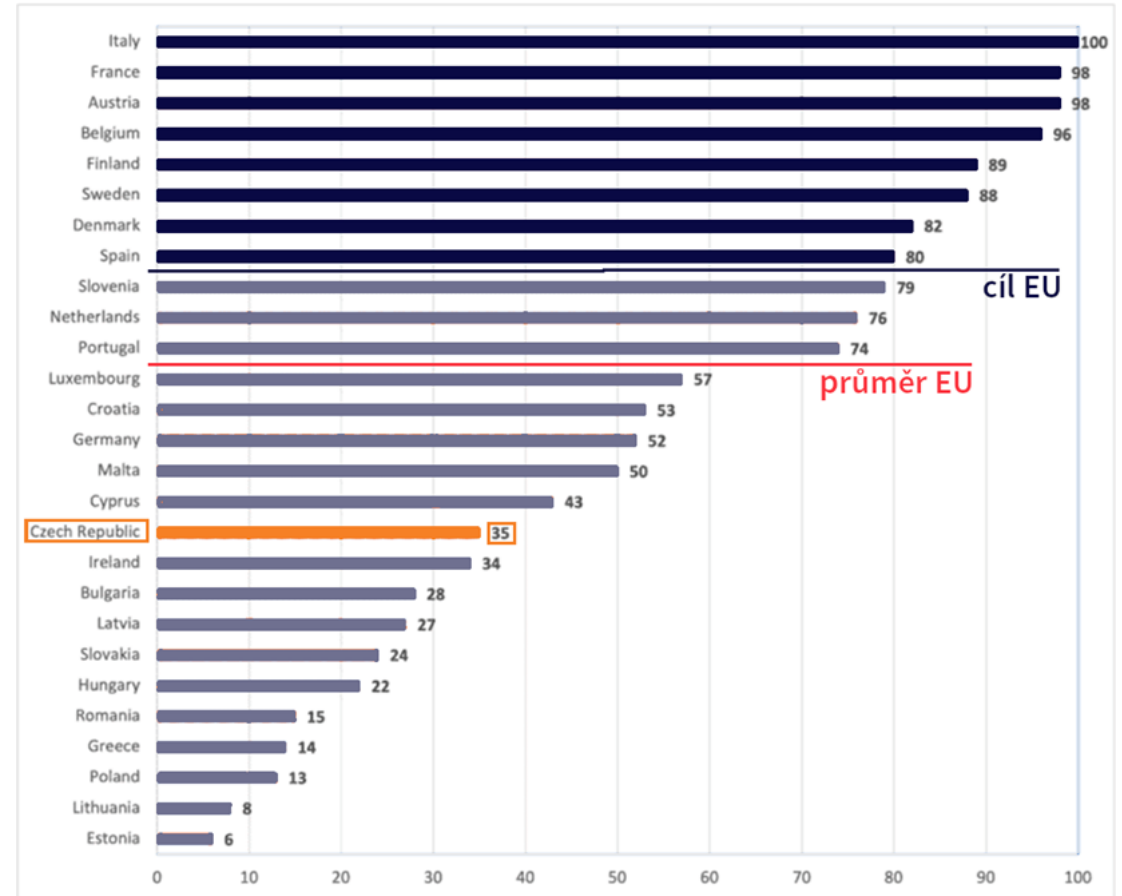
Collective bargaining

- an effective tool not only for raising wages
- the average wage in 2022 was CZK 43,413
 - in the case of employees **with a collective agreement, CZK 46 899**
 - for employees **without a collective agreement 40 189 CZK**
- also: shorter working hours, less pay inequality between women and men, better working conditions, power to influence your life

Collective bargaining

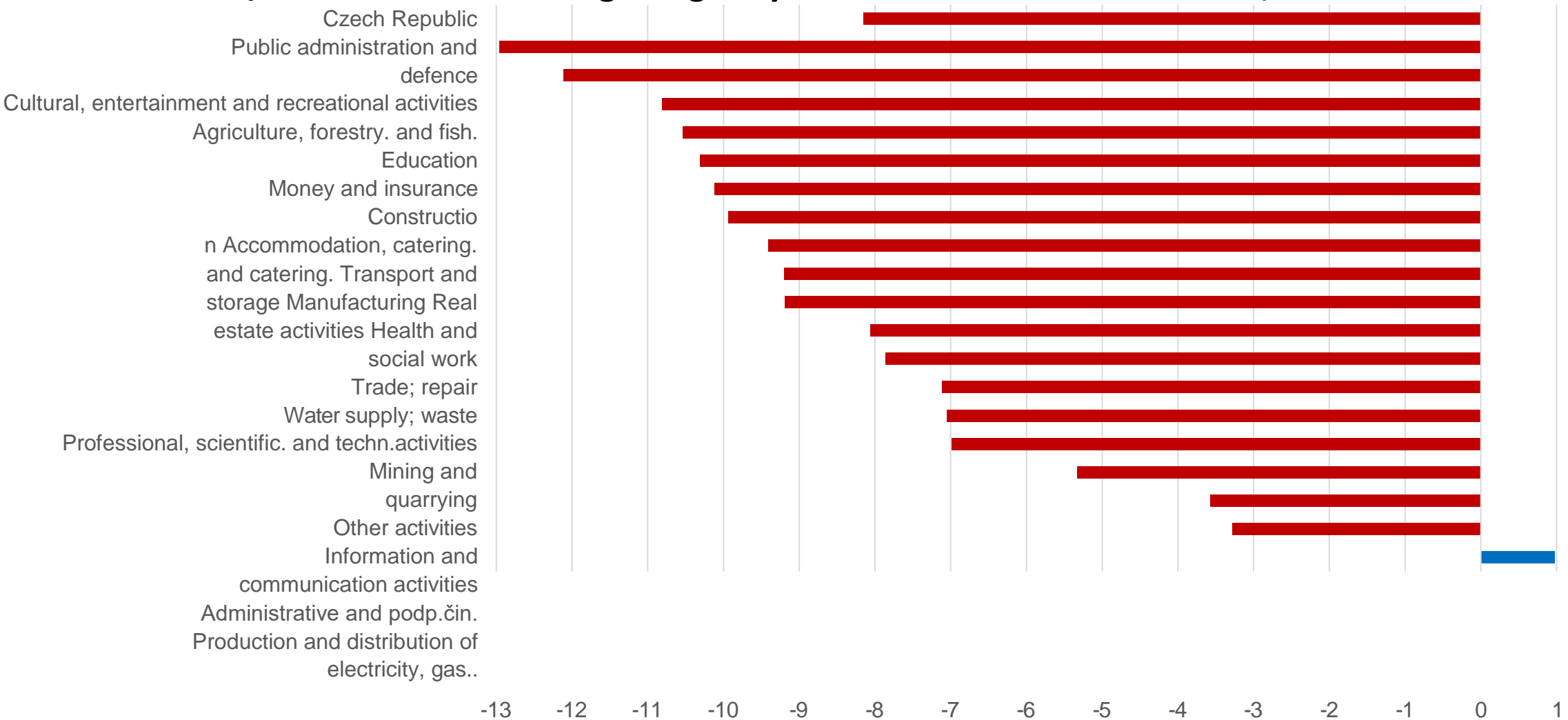
Collective bargaining coverage:

- EU target **80 %**
- EU average **60 %**
- Czech Republic **35 %**



Wages in the public sector

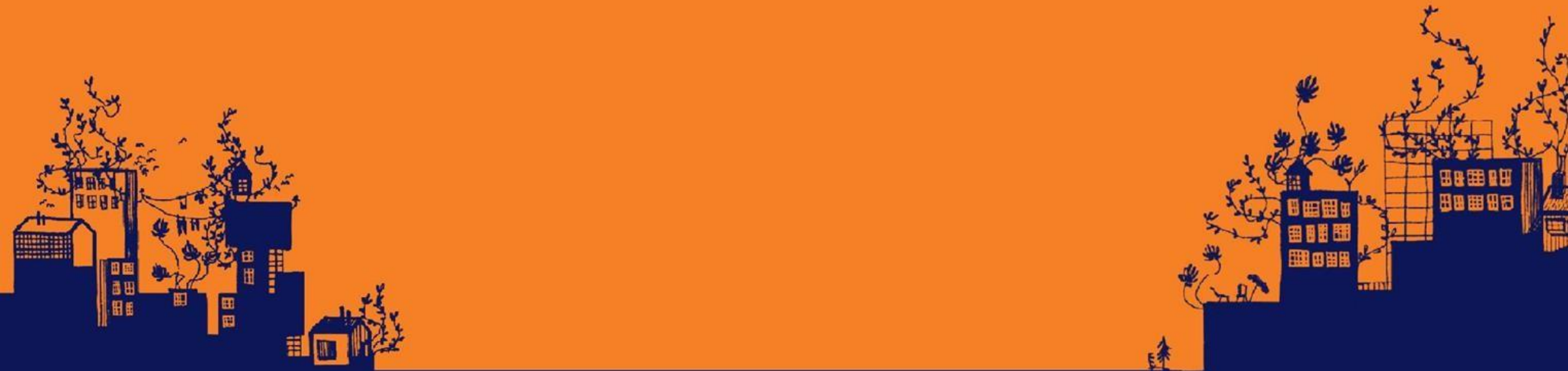
Increase/decrease in real average wages by sector between 2019 and 2023, %



Wages in the public sector

- Public employers should **set an example** and provide their employees with a salary that can provide a solid living wage.
- Wage growth in the public sphere could then have a positive impact on **wage growth in the private sector**.
- The state can also influence wage levels by **increasing the minimum wage** or setting wage criteria in **public procurement, subsidy programmes**, etc.

ALICE: WORK IN SOCIAL SERVICES



Situation of workers in social services

- Over **92% of** people working in residential care services are paid **less than the minimum decent wage**. (*Trexima 2023*)
- More than **60% of workers in the field have other work activities beyond their full-time job** (*Czech Streetwork Association 2024 survey*).
- ALICE survey: **disproportionate burden on** people working in social services.



THANK YOU FOR YOUR ATTENTION.
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