

The Minimum decent wage for 2023 is CZK 45 573 (ca. 1 800 €) gross, only a third of people in the Czech Republic earn that much

Prague, 16 April 2024 - The Minimum decent wage for 2023 is CZK 45 573 gross, and in Prague, due to the higher cost of living, it is CZK 47 718 (ca. 1 886 €). Last year, 2.7 million employees were below this wage level. In a year-on-year comparison, 184,000 people have fallen below the threshold. The results were published today by the Platform for a Minimum Decent Wage, an independent expert group that has been calculating this indicator for the Czech Republic every year since 2019. In addition, the Platform provides a set of recommendations that can be used to improve the income situation in Czechia - this includes, among other things, increased coverage by collective agreements, setting decent wage conditions in the public sphere, or a wider range of free or price-regulated public services and basic commodities.

The Minimum Decent Wage Platform today published on its website the annual update on the Minimum Decent Wage for the past year. Minimum Decent Wage (MDM) is the remuneration for full-time work that is sufficient to provide a decent basic standard of living in the Czech Republic. The **Minimum decent wage for 2023 is CZK 45 573 gross, or CZK 47 718 in Prague** due to the higher cost of living. An increase of CZK 4,661 from the previous year (or CZK 4,942 for Prague) is based primarily on the increase in housing prices, including energy, and food in particular.

"We have had an exceptional period of extreme inflation coupled with an economic downturn. Price increases have been concentrated in areas that typically fall more heavily on low-income people - housing and food. For low-wage workers, this has mostly pushed the decent wage threshold even further away as costs have risen faster than their nominal wages. 184,000 employees thus fell below the decent wage line year-on-year," explains **Jan Bittner**, an economist at the Platform who is involved in calculating the MDM.

The Minimum decent wage also speaks to the phenomenon of **working poverty** - a situation where workers barely cover basic household expenses, even though they work full-time or even more. As it turns out, other existing instruments (average/median wage, minimum wage, etc.) are not sufficient to capture working poverty. This is a serious phenomenon because the associated economic insecurity of large sections of society has far-reaching consequences both at the individual level (debt, health, education, personal relationships) and at the societal level (social systems, distrust of the political system, low purchasing power).

"A growing group of workers are finding themselves in an economically precarious situation. This is particularly paradoxical in the context of the fact that we have had the lowest unemployment in the EU for a long time - and yet the purchasing power of wages is falling. The principle that work is the way out of poverty is no longer valid. This is very important not only for individuals but also for social cohesion and resilience.", comments **Lucie Trlifajová**, social anthropologist at the SPOT Centre for Social Issues

The Platform has also published a **set of recommendations** that can improve the income situation in the Czech Republic. *"Although real wages have fallen, profits for many corporations have continued to rise over the past year. There is therefore space for wage increases at many*

employers. Public employers should also set an example employers. The state can influence wage levels favourably by raising the minimum wage or getting wage criteria in public procurement, subsidy programmes, etc. However, it is not possible to achieve wage increases quickly and sufficiently everywhere, so other instruments such as strengthening and expanding free or accessible public services are needed. Support for trade union organisation and higher coverage by collective agreements, which has long been far below the European standard, will also be effective," said political scientist **Kateřina Smejkalová**.

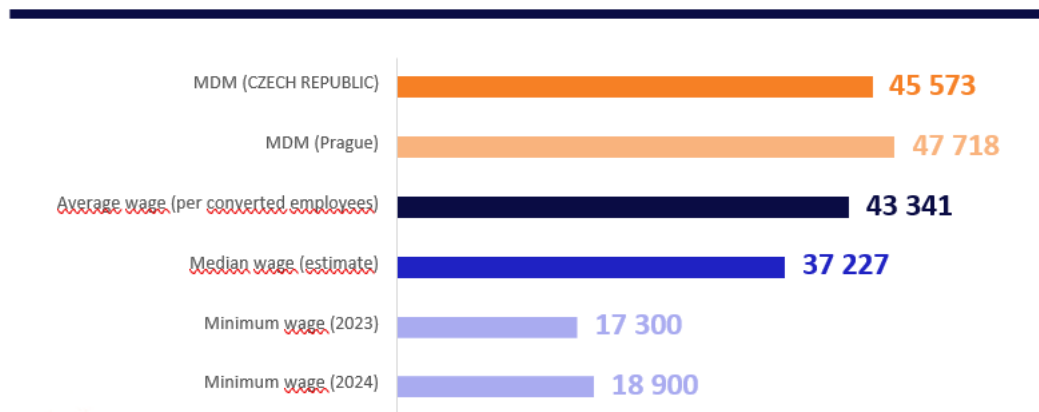
In some sectors, there are long-standing challenging conditions but also very low remuneration. For example, among professional social workers and **social workers** in residential care, over 92 per cent of employees are below the MDM. **Tereza Táborská**, who works as a social services worker and vice-president of the trade union Alice, adds: "Some colleagues add part-time jobs to their already demanding full-time work, others even have to apply for housing benefit or other benefits due to insufficient income. It is not possible to care for others in the long term and suffer like this yourself. That is why we need to strengthen trade union organising and negotiate collective agreements together that will improve the situation not only for us workers but also for will also bring better quality care to our clients."

WHO IS AFFECTED BY TOO LOW WAGES IN THE CZECH REPUBLIC:

- 67% of employees do not access the MDM, compared to 52% in Prague.
- 57% of employed men and 71% of employed women are below the Decent Minimum Wage.

Minimum decent wage in comparison:

MDM IN WAGE DISTRIBUTION



Platform for a Decent Minimum Wage

The Decent Minimum Wage is the brainchild of an independent and informal expert platform that has been meeting on the concept and calculation since 2016. The platform was inspired by the concept used abroad as the "living wage". For the first time, the Minimum Decent Wage for the Czech Republic was published for 2019 in spring 2020.

A list of Platform members is available at <https://www.dustojnamzda.cz/about-us/>.

What is the Decent Minimum Wage?

The minimum decent wage is an indicator calculating, on the basis of current prices, what the remuneration for work during normal working hours would have to be to provide workers and their households with enough money to live on, which is perceived by most of society as a certain basic standard. It should be able to cover the costs of food and housing, clothing, transport, healthcare, education and leisure, and pay for other important expenses, including savings for unexpected circumstances.

More detailed information on the concept, its calculation, differences from other indicators, as well as illustrative stories and data for previous years can be found at www.dustojnamzda.cz.

Further information:

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