

2016 MINIMUM ESSENTIAL STANDARD OF LIVING

Research Team

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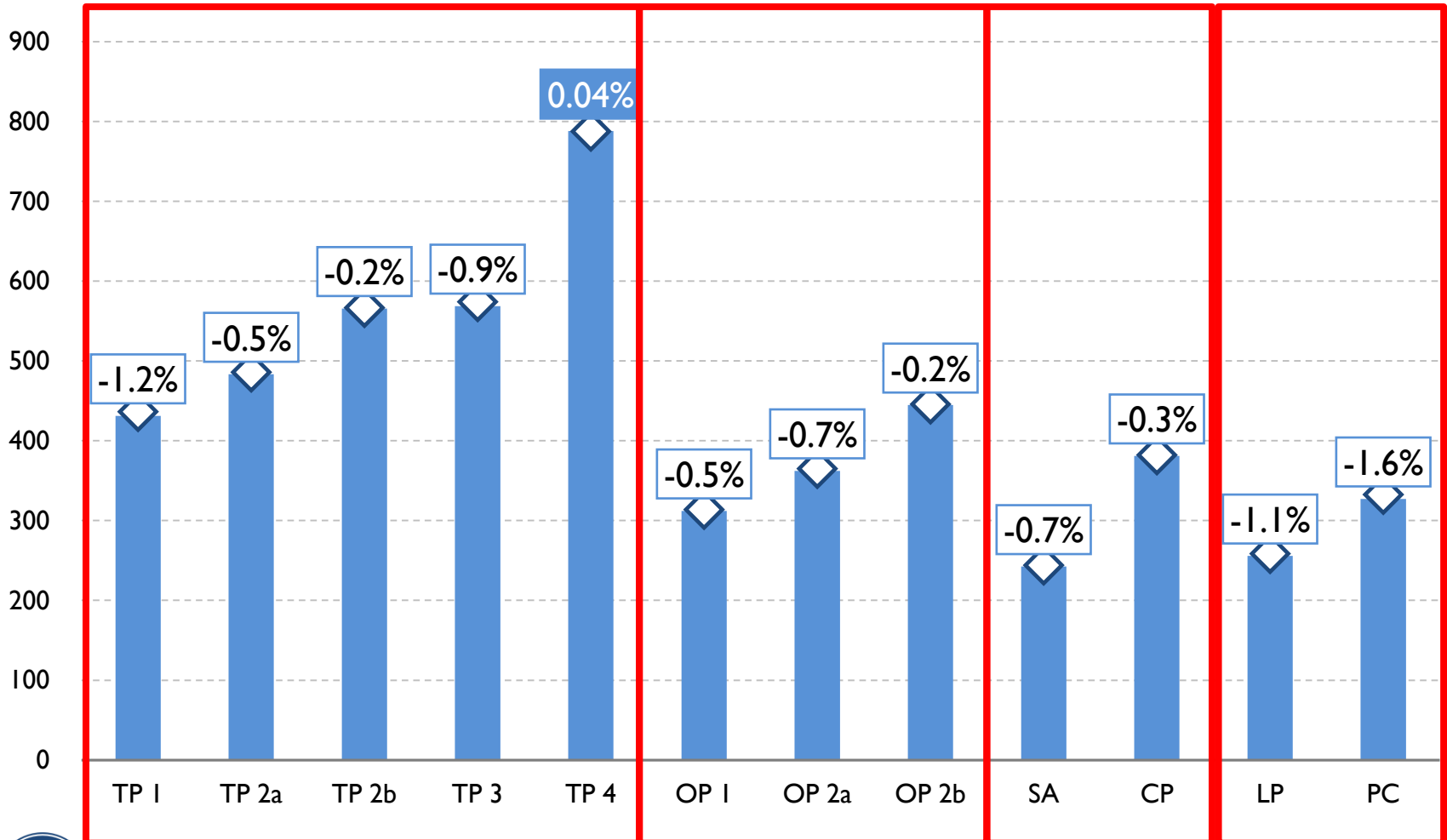
INTRODUCTION

- MESL data for 90% of households in Ireland
 - › 142 Household Compositions
 - › Urban and Rural
- Benchmark for assessing income adequacy
 - › Social Welfare & Minimum Wage
 - › Various employment patterns & scenarios

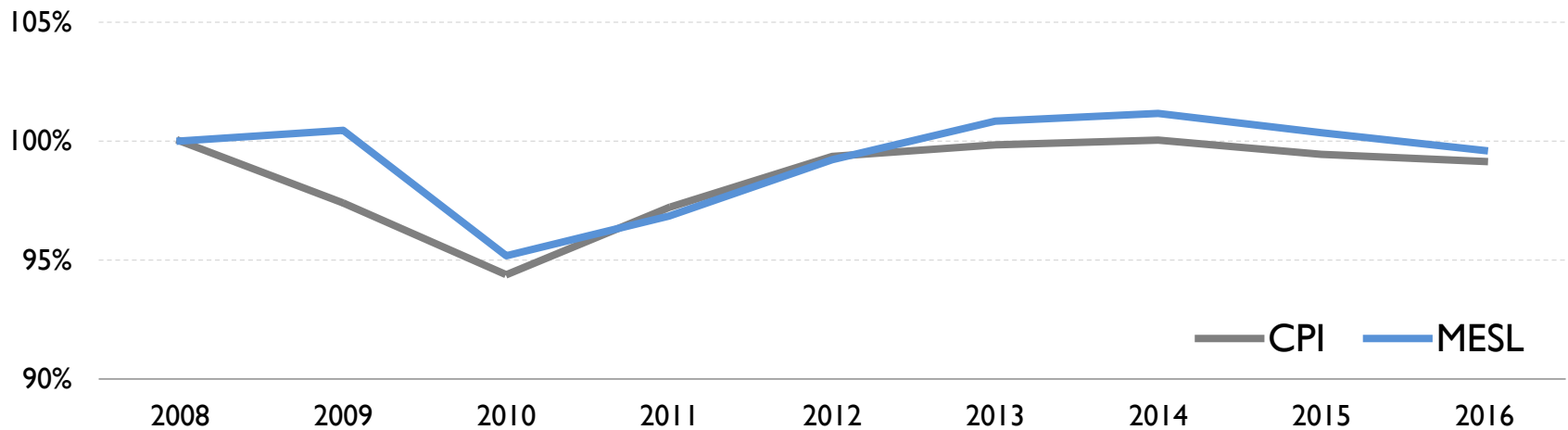
Core MESL 2016

URBAN

*Excludes Housing, Childcare
& Effect of Secondary Benefits*

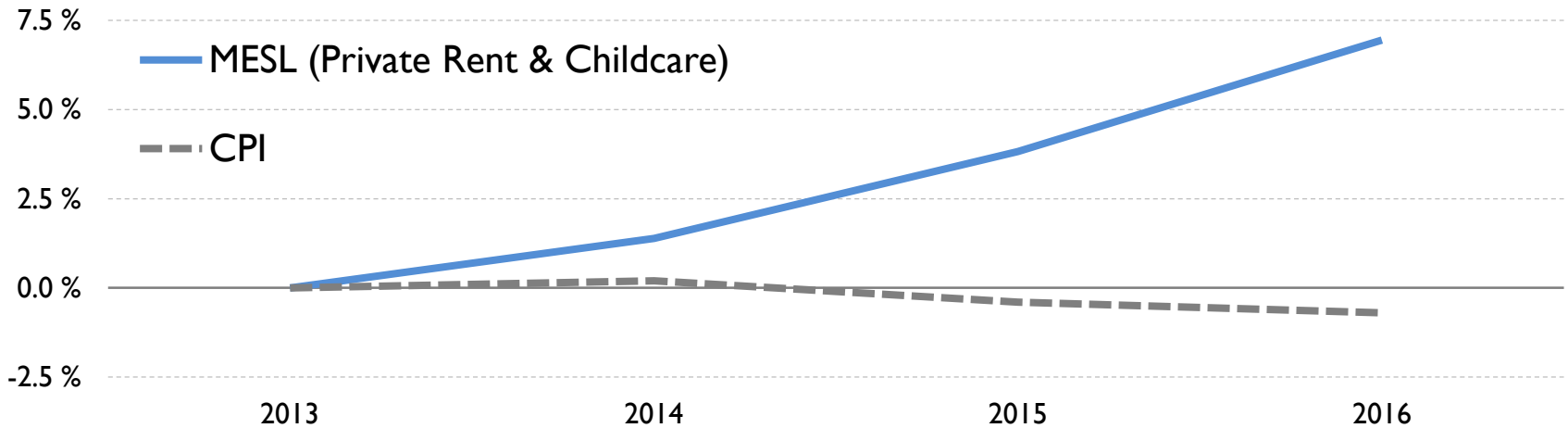


Change in Core MESL and CPI



- Core MESL down - 0.7%
- Decrease of -1.6% since 2014
- 2010 low point for prices
- Core MESL up by 4.6% from 2010 to 2016

Change in MESL (inc Rent & Childcare)



- Private rents up an average of 9.2%
- Rents accelerated growth in last 3 years
- MESL costs up 6.9% in that period
- CPI shows drop of -0.7% for same period

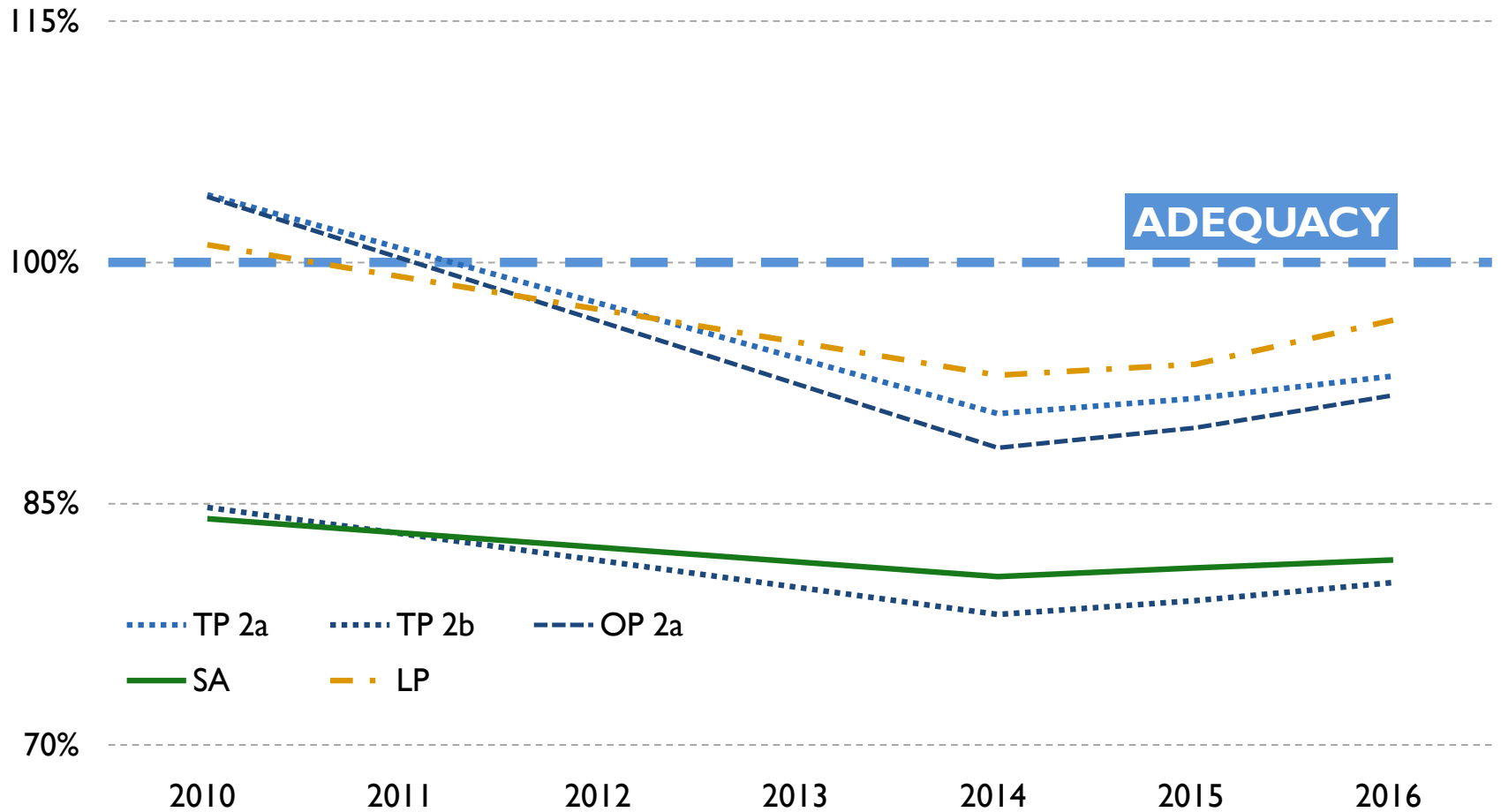
SOCIAL WELFARE

MESL 2016

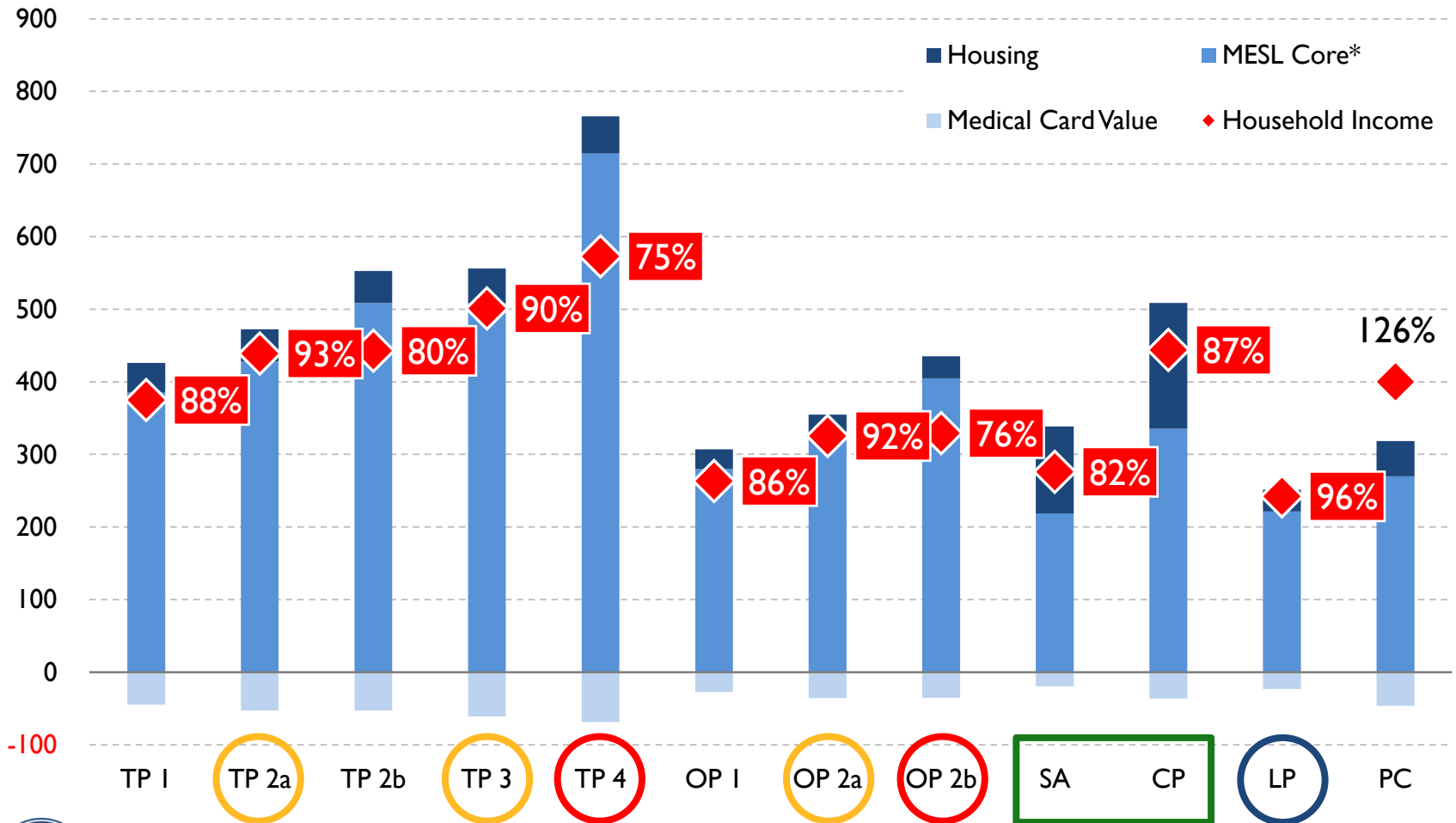
Social Welfare 2016

- State Pension
- Fuel Allowance
- Child Benefit
- ‘Christmas Bonus’
- Majority of rates unchanged
- JA, OFP, QA & QCI
- Rent Supplement thresholds maintained

Percent of MESL need met by SW



Social Welfare Adequacy



NATIONAL MINIMUM WAGE MINIMUM INCOME STANDARD

MESL 2016

Income Changes 2016

- NMW increase
- PRSI
- USC
- FIS thresholds
- Child Benefit

- GP for Under 6's rolled out

National Minimum Wage Scenarios

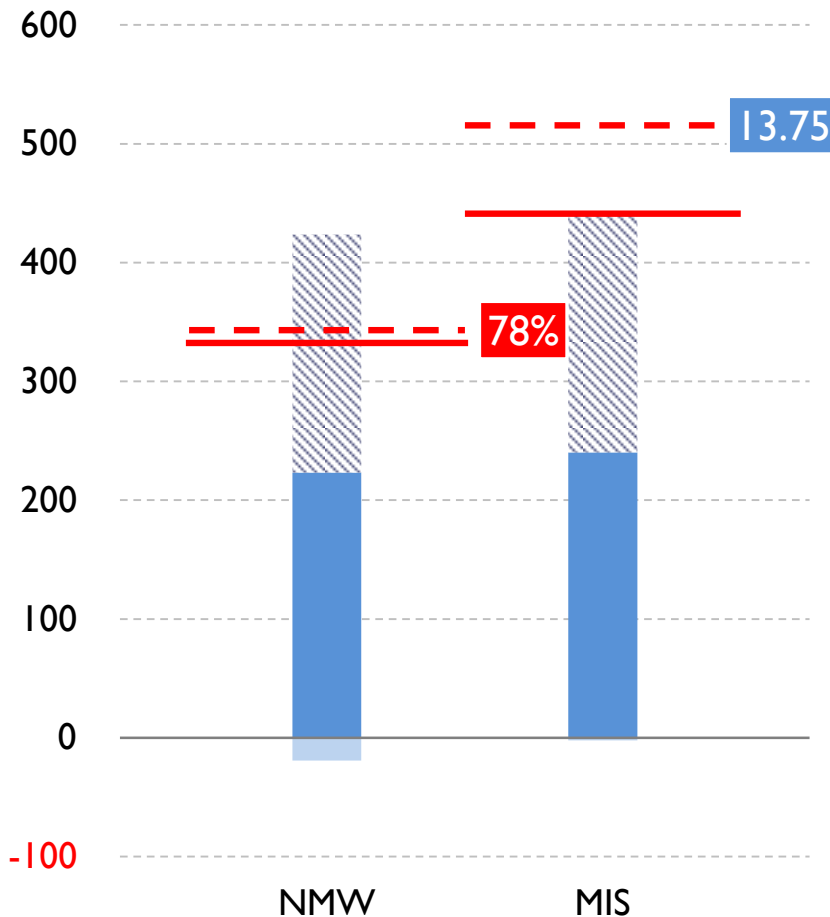
- Does the Minimum Wage provide the basis of an adequate household income?
- Examine multiple scenarios
- Households with children – Social Housing
- Two Parents – Single & Dual income
- One Parent – Part-time & Full-time
- Other Working Age – Private Rented Housing

Minimum Income Standard

- The gross income a household needs in order to afford a minimum standard of living.
 - › It takes account of the potential tax liability and social welfare entitlements of the household in question
- Iterative process
- Assess the adequacy of net household income, on the basis of incremental increases in gross salary

SINGLE ADULT

FULL-TIME
PRIVATE RENT



Expenditure

MESL €223 per week
Rent €200 per week

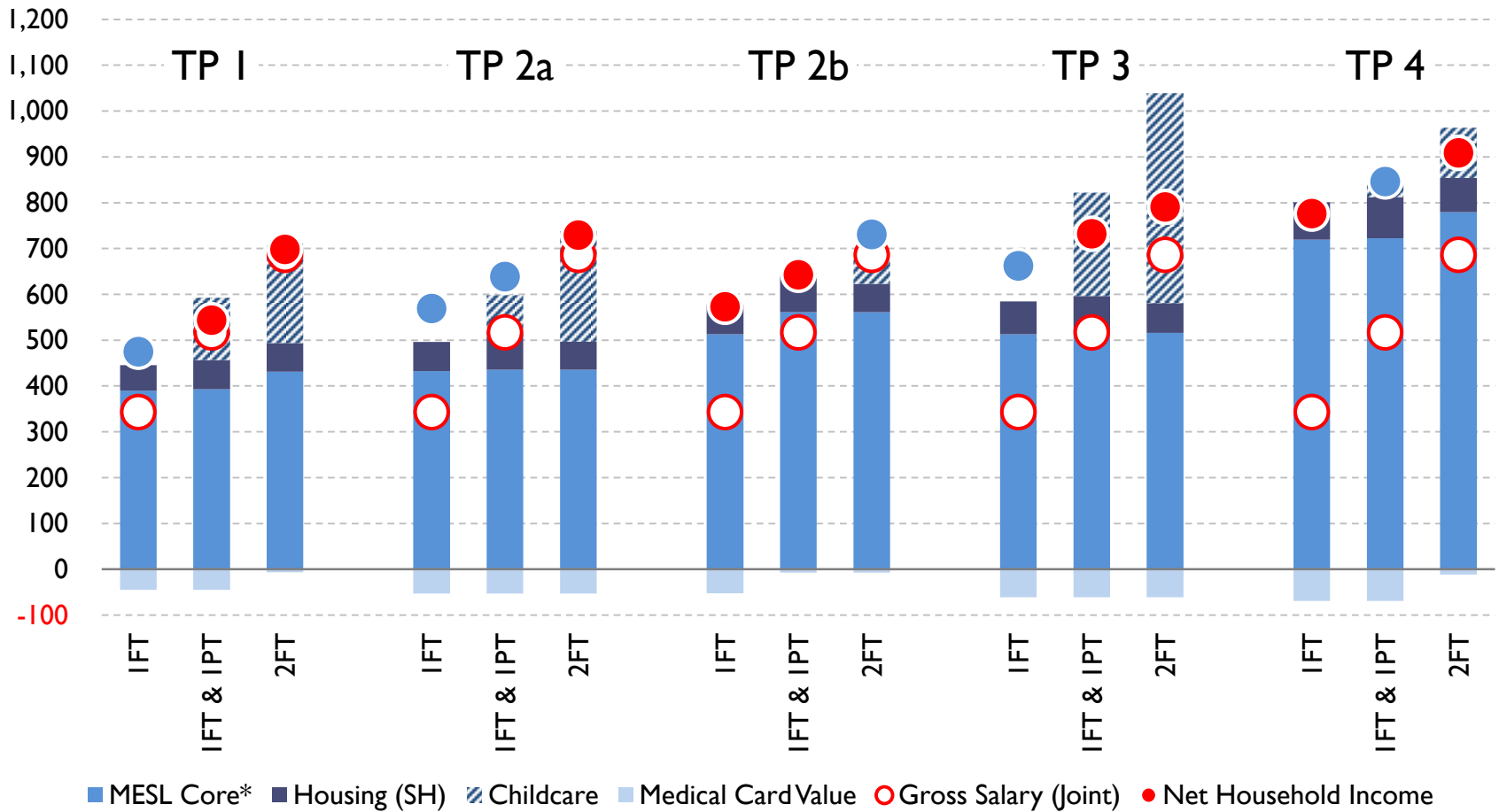
Minimum Wage Income

€332 Net Salary
€91 Shortfall

Minimum Income Standard

€515 Gross per week
€13.75 per hour
56 hours NMW employment

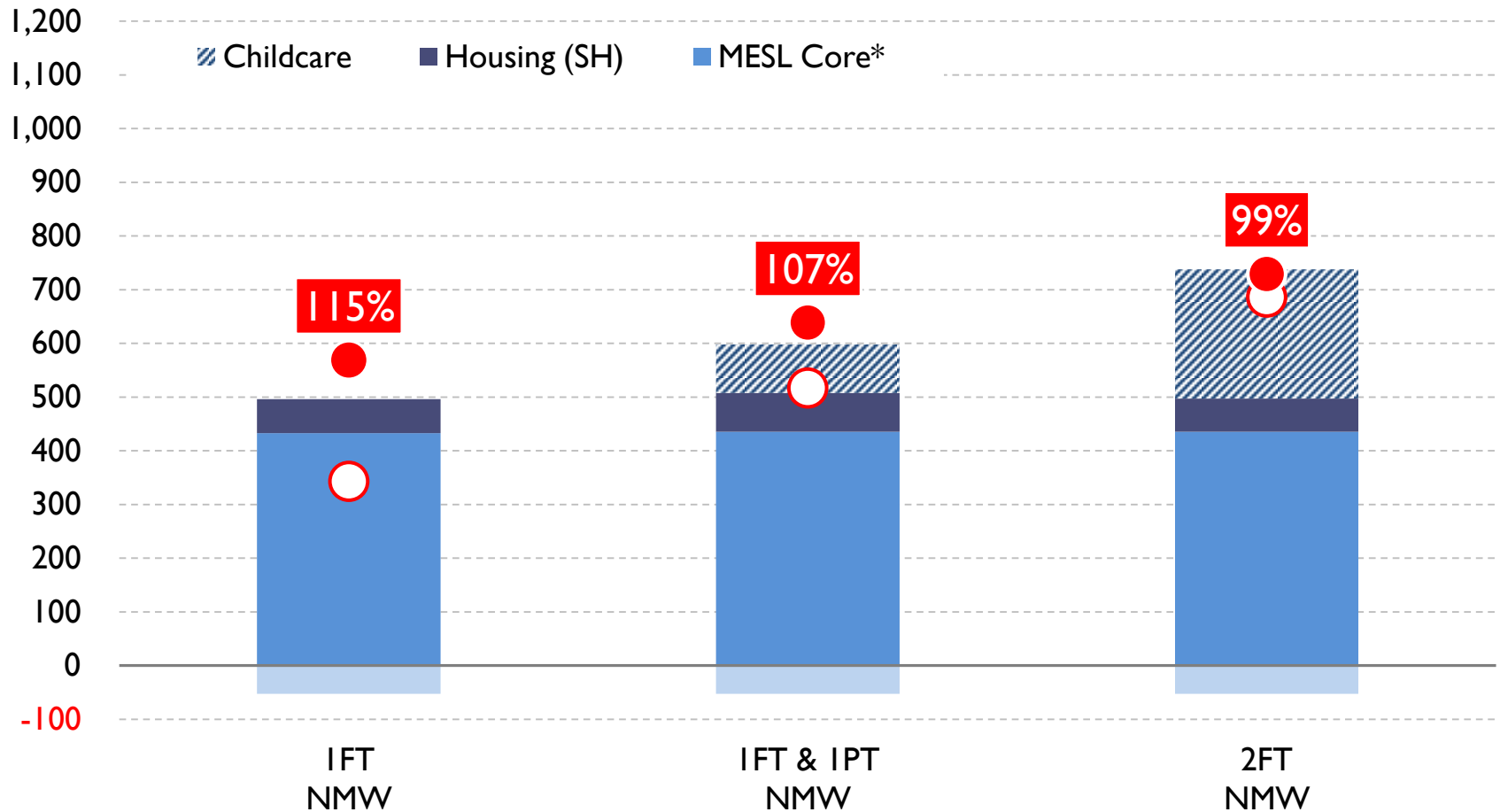
TP Minimum Wage Adequacy



TWO PARENT

Pre-School & Primary School

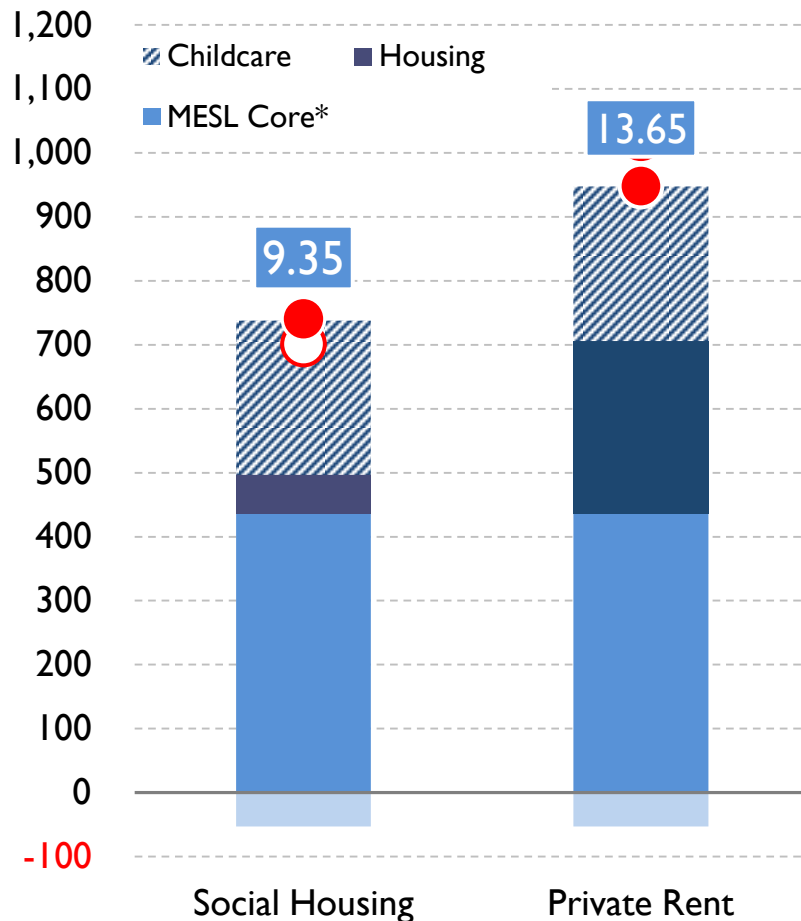
NATIONAL MINIMUM WAGE
SOCIAL HOUSING



TWO PARENT

Pre-School & Primary School

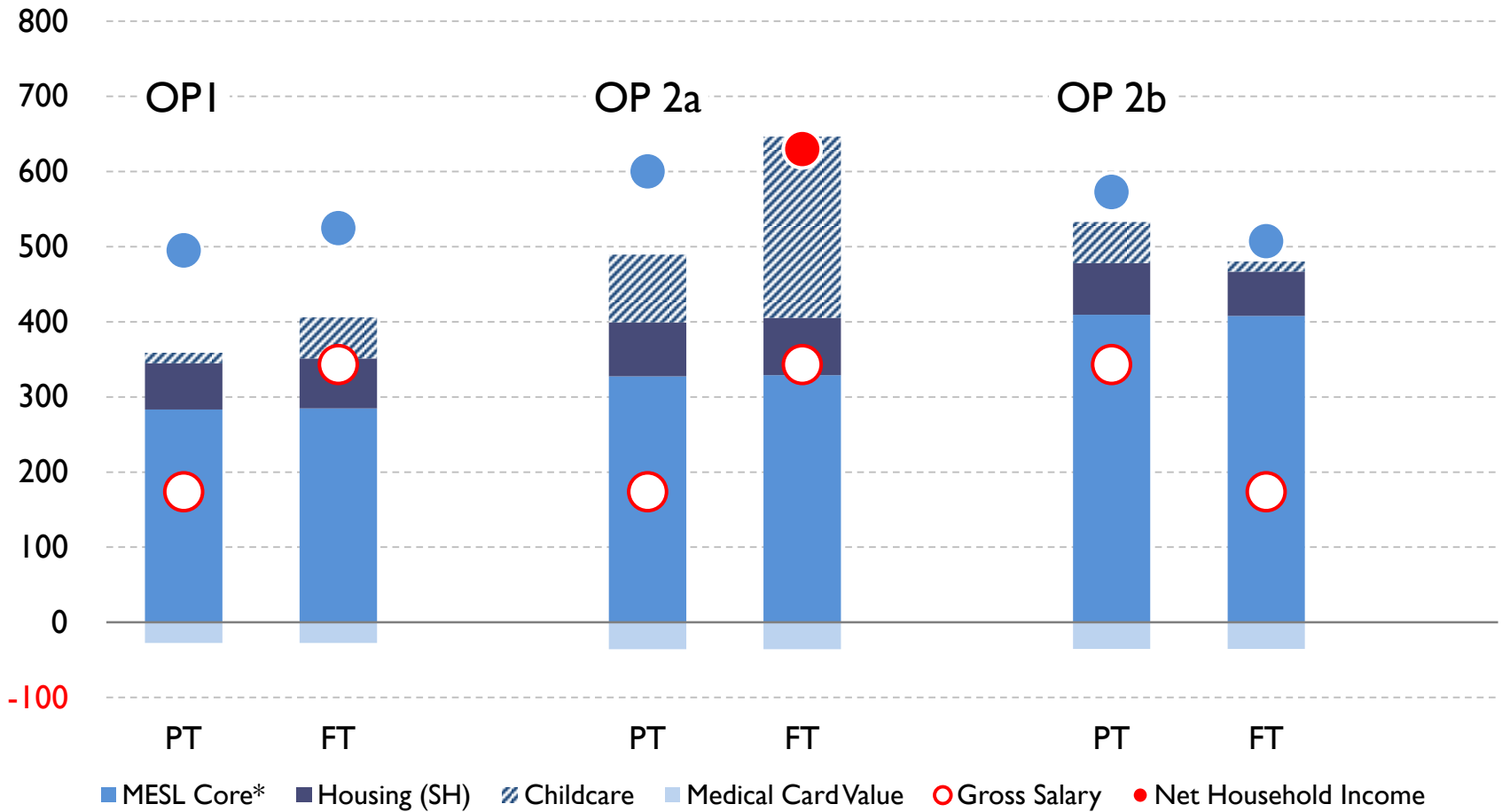
MINIMUM INCOME STANDARD
2 FULL-TIME



MIS

- Social Housing
€9.35 per hour
NMW + €0.20
- Private Rented
€13.65 per hour
NMW + €4.50
- Needs to earn 1½ times the NMW

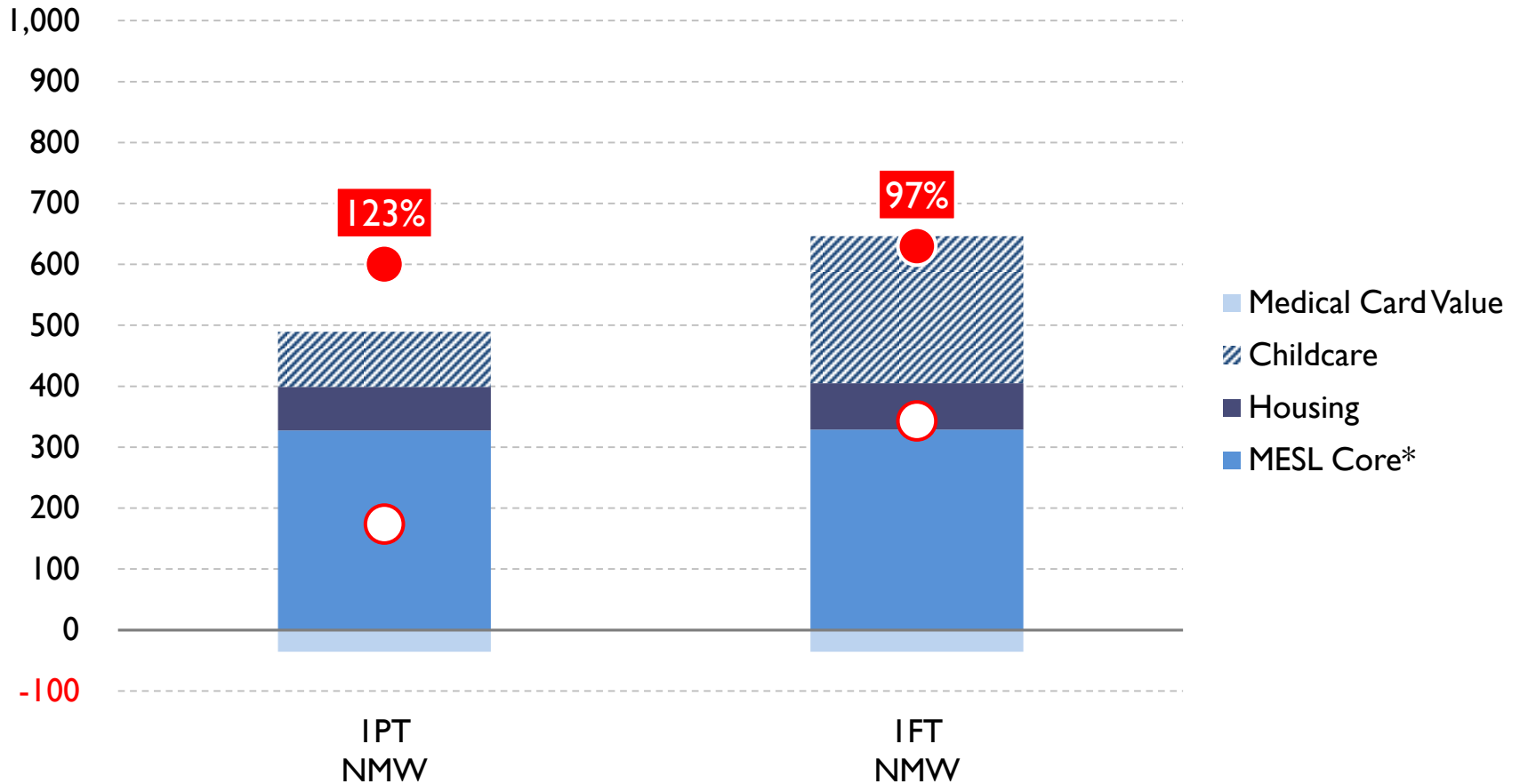
OP Minimum Wage Adequacy



ONE PARENT

Pre-School & Primary School

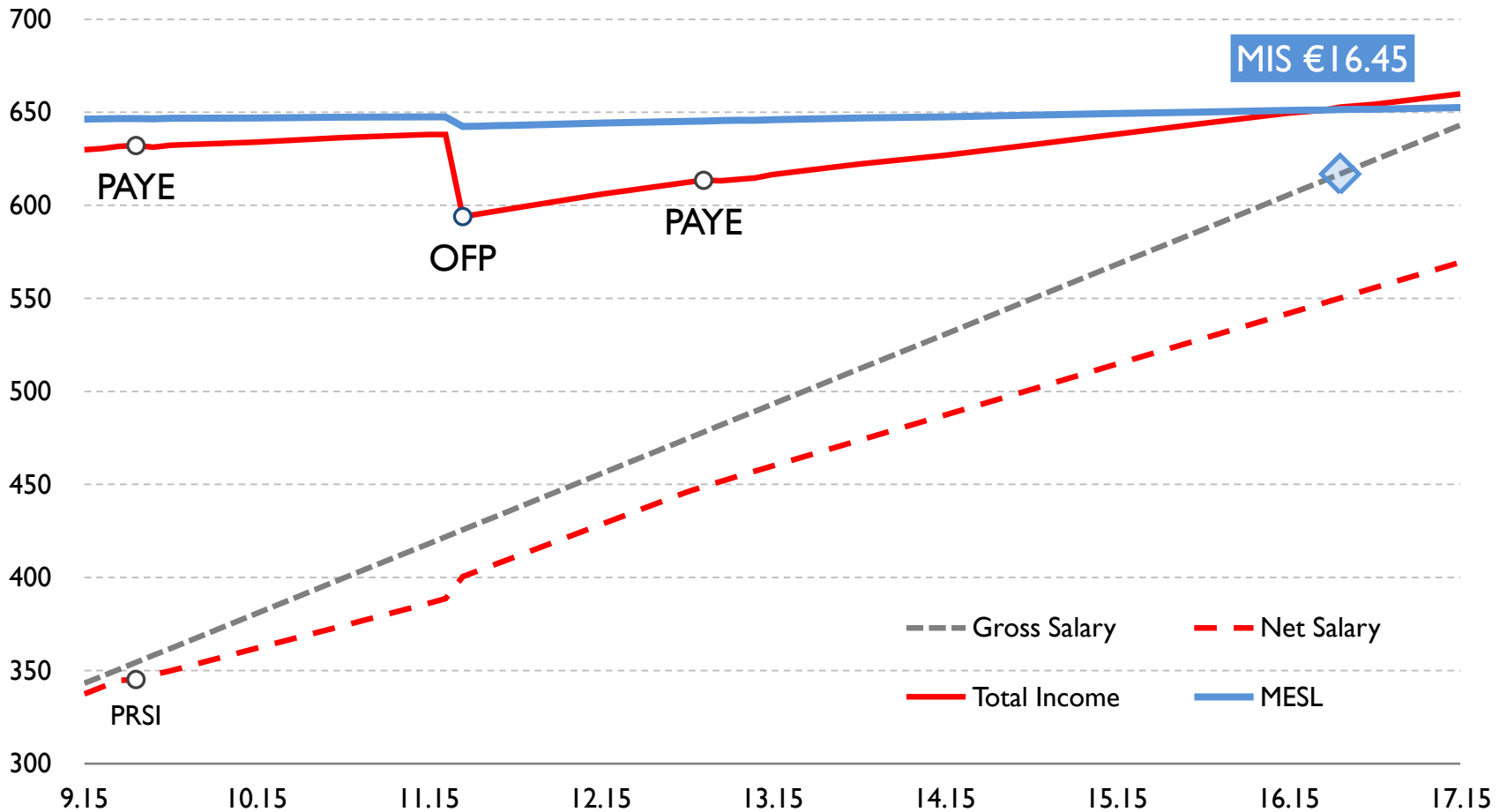
NATIONAL MINIMUM WAGE
SOCIAL HOUSING



ONE PARENT

Pre-School & Primary School

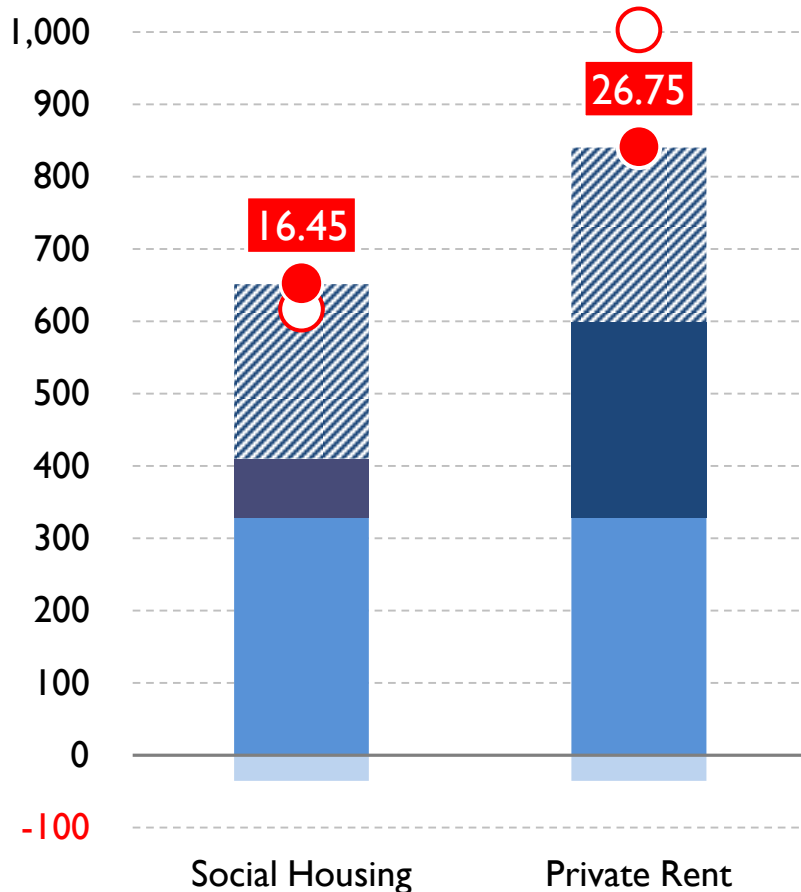
MINIMUM INCOME STANDARD
SOCIAL HOUSING



ONE PARENT

Pre-School & Primary School

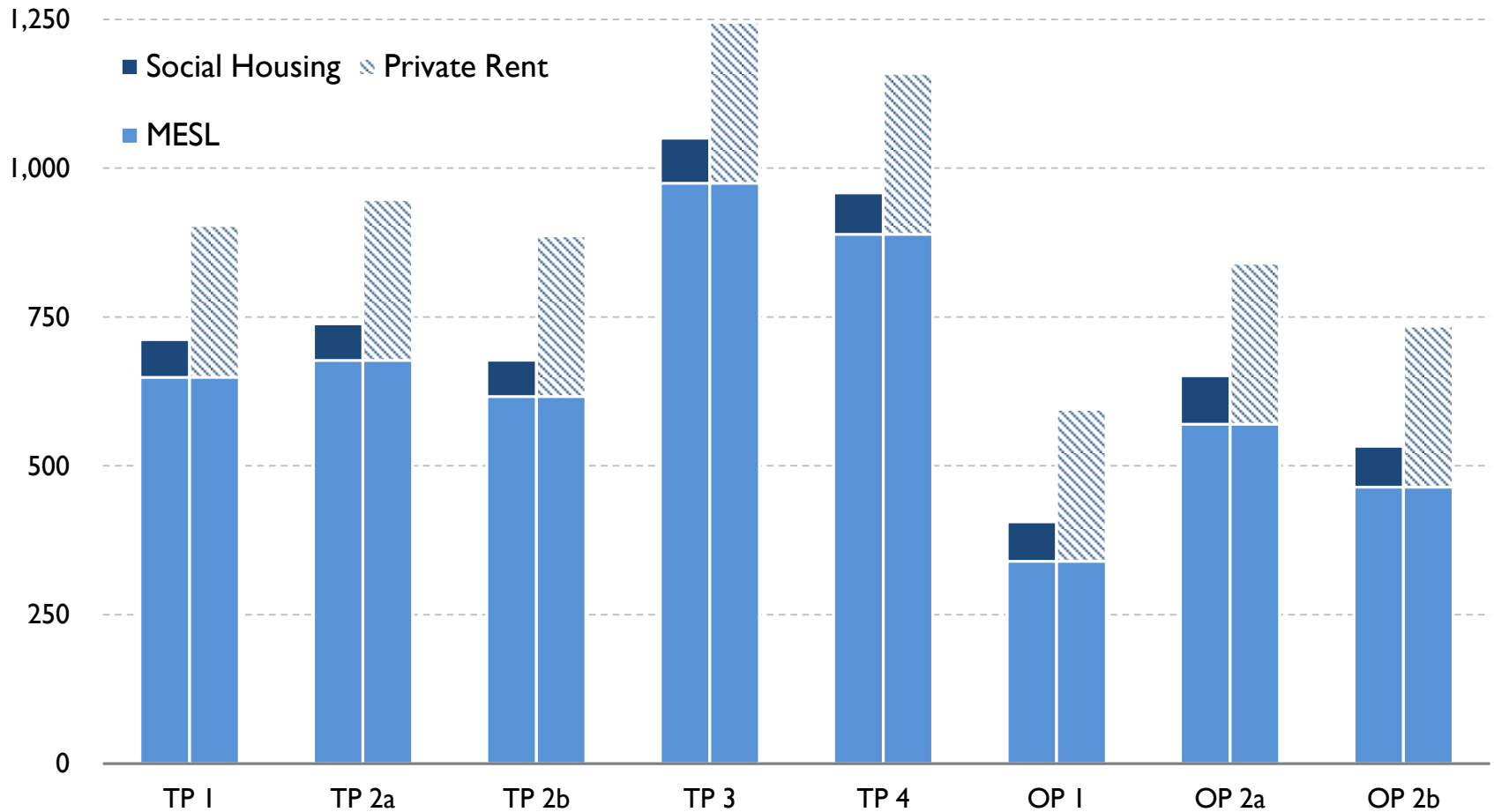
MINIMUM INCOME STANDARD



MIS

- Social Housing
€16.45 per hour
NMW + €7.30
- Private Rented
€26.75 per hour
NMW + €17.60
- Needs to earn 3 times
the NMW

MESL Social Housing v Private Rented



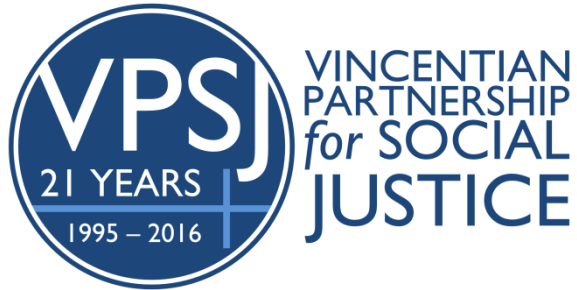
Conclusion

- Core MESL down for second year in a row
- CPI tends to under estimate degree of change in MESL
- MESL with Rent & Childcare is up 6.9% in last 3 years

- Social Welfare is meeting a greater proportion of MESL need

- Change in NMW lead to net income increase
- Increasing cost of private rent lead to deeper inadequacy for those unable to access social housing (Differential Rent)

- Need for access to adequate & affordable housing
- Differentiate child related payments by age – a household with an adolescent needs a higher level of support
- Examine withdrawal rate of supports such as FIS and OFP



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