



Director

Dr Bernadette Mac Mahon D.C.

Research Associate

Robert Thornton

BUDGET 2016

MINIMUM ESSENTIAL STANDARD OF LIVING IMPACT BRIEFING



CONTEXT OF THE VPSJ'S MESL WORK

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Context of VPSJ's MESL Work

- Origins 1999 study One Long Struggle
- Two recurring themes
 1. Poverty – experiences as material and social deprivation.
General Lack of Awareness of importance of social inclusion
 2. Ad hoc approach to Social Welfare Payments and NMW rates decision made – statistical and political basis
No apparent awareness of the need to evaluate buying power
No apparent awareness of the need for evidence based policy

The VPSJ saw the need to explore new approaches to understanding and communicating the impact of an inadequate income on the daily life of people, many of whom live in poverty

Minimum Essential Standard of Living

From 2006 the VPSJ has used the Consensual Budget Standards Methodology to determine goods and services which households and individuals require at a minimum level to meet Physical, Psychological, Social needs = MESL

French Study 2014 -2015

“What is essential for taking part effectively in social life”

Two Key Principles

1. An Adequate Standard – fulfilment of material and social needs – to ensure social inclusion
2. The Experts of what it meant and what is needed – members of the general public drawn from different socio-economic backgrounds who deliberatively and collectively reach a consensus

An MESL is closely influenced by contemporary needs, norms and customs which cannot be adequately determined by theoretical experts

Or by consumer expenditure patterns - based on behaviour of 70% or 80% population

The VPSJ is aware that an income of 60% of median disposable income, on the whole falls short of what is required for an MESL

The VPSJ approach (*Consensual Budget Standards Method*) is based on deliberation, listening and the interaction between people and experts

We seek to complement conventional methods of measuring poverty and what is needed to reduce it

VPSJ seeks to promote an MESL for the general population

- A standard below which no one should be expected to live *(the data is updated annually)*
- In this context, we respond to Budget 2016

Research in 2015 showed

- Inflation – CPI - overall rate showed a decline 0.6% while the rate in relation to the MESL was higher in 2015 than in 2008 by (0.3%)
- 191 of 214 households in the urban sample could not meet the cost of an MESL
- High cost of private childcare and private rented accommodation substantial impact on cost of an MESL

The VPSJ recommended

- Increase in Child Benefit €5
Qualified Child 13-18 years from €29.80 – €35.00
- OPF increase from €188.00 – €193.00
- Rent Supplement ceiling limit
- Living Alone Allowance to €11.40
- Fuel Allowance to €25 for 26 weeks

Impact Budget 2016

- Welcomed increase in
 - Child Benefit
 - Christmas Bonus to 75%, December 2016
 - State Pension and Fuel Allowance
 - NMW to €9.15 per hour
- 7 of the Social Welfare households dependent composition which could in 2015 afford a MESL can no longer do so in 2016
 - 2015: 191 out of 214 urban cases inadequate
 - 2016: 198 out of 214 urban cases inadequate

VPSJ appreciates constraints on DSP

Welcomes every step forward

Conscious of gaps in income and the
cost of a Minimum Essential Standard
of Living



BUDGET 2016 IMPACT

Robert Thornton

Research Associate

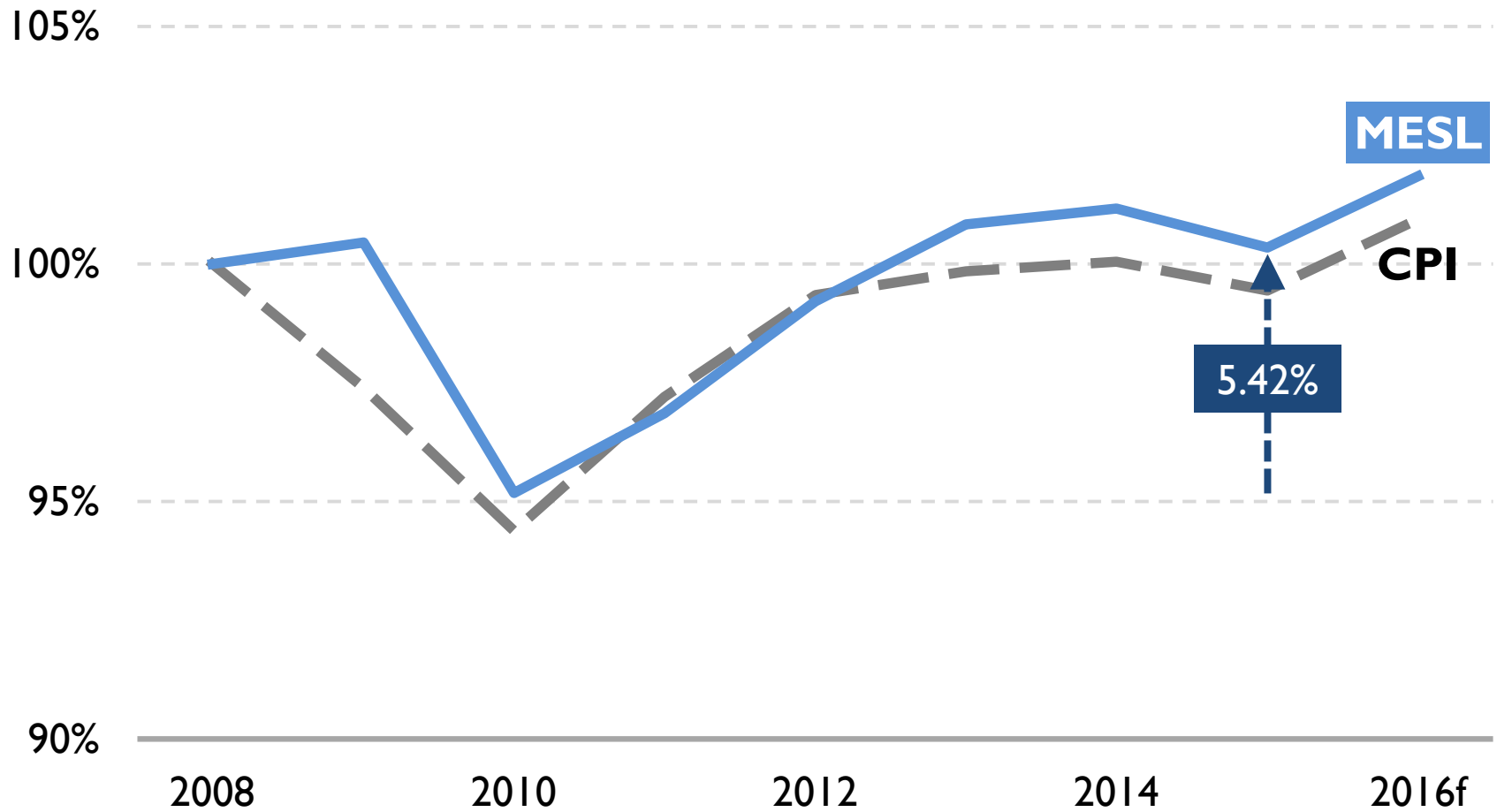
Budget Impact Briefing

- Carried out by VPSJ since 2011
- Budget 2016 is 5th Impact Briefing
- Focuses on 6 illustrative household types
 - Presents position in current year
 - Projects cost of MESL to following year, and examines effect of Budget measures on affordability of MESL

Summary of Budget 2016 Measures

- State Pension
- Fuel Allowance
- Child Benefit
- ‘Christmas Bonus’
- Minimum Wage
- USC
- PRSI
- Family Income Supplement

Rising costs since 2010



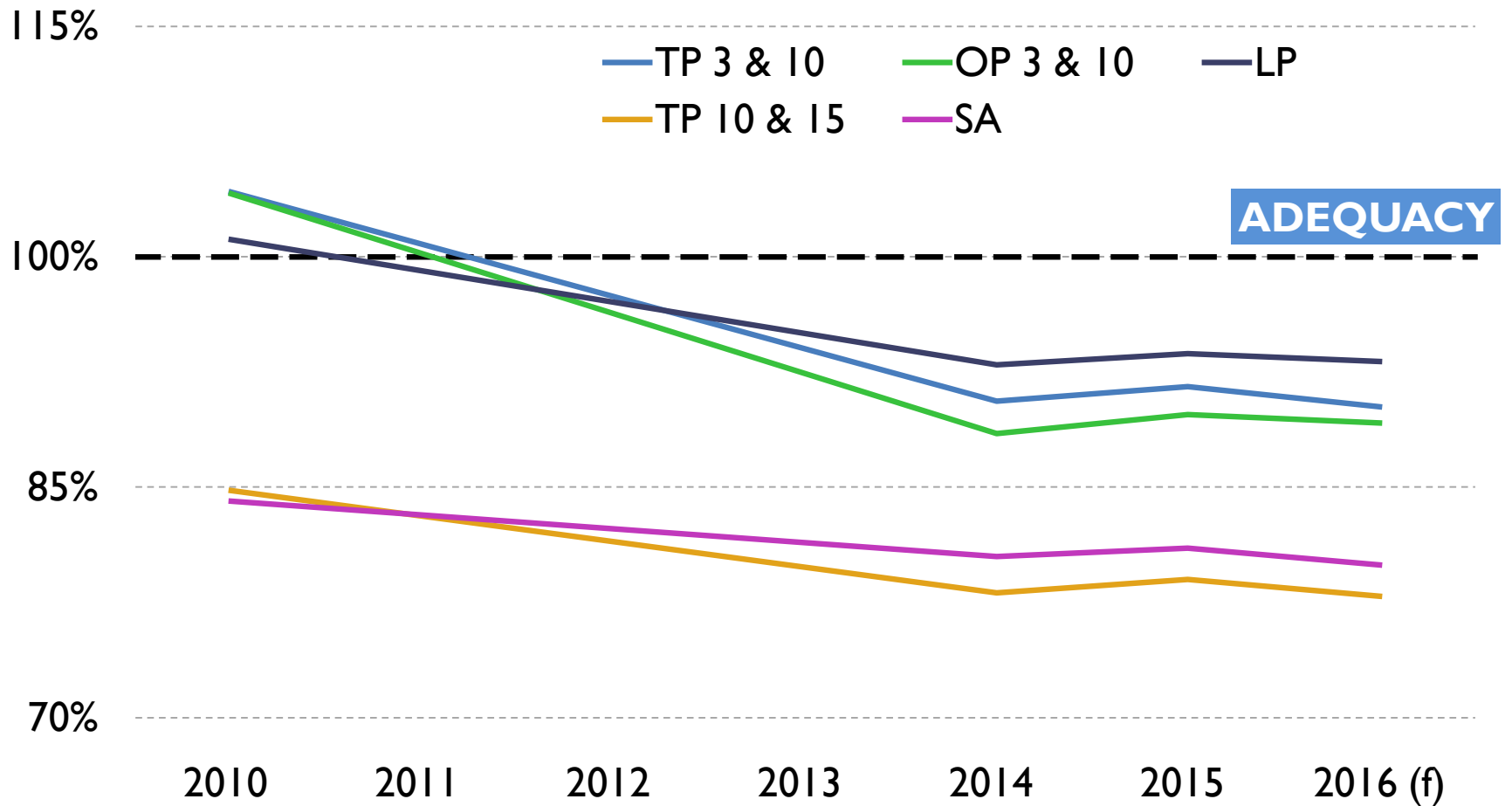
Social Welfare Trends

- Reduction in social welfare supports, including:
 - Jobseeker Personal & Qualified Adult rates
 - Child Benefit
 - Back To School Allowance
 - Fuel Allowance
 - Household Benefits Package
- Reduction in rates is compounded as cost of MESL has risen
- Not keeping pace with costs is in effect a cut
- Combined reductions amount to a 5% decrease in support for social welfare dependent households with children

MESL Social Welfare Dependent Households

	Two Parent 3 & 10	Two Parent 10 & 15	One Parent Baby	One Parent 3 & 10	Single Adult Living Alone	Pensioner Living Alone	
2015	MESL	477.00	557.72	312.24	358.72	340.68	254.07
	Income	436.63	440.48	258.95	321.83	276.00	238.00
	Shortfall	-40.36	-117.25	-53.29	-36.89	-64.68	-16.07
2016	MESL	486.39	568.33	317.77	364.89	345.20	259.95
	Income	438.94	442.78	261.36	325.39	276.00	242.25
	Shortfall	-47.45	-125.55	-56.41	-39.51	-69.20	-17.70

Gap between Social Welfare & MESL



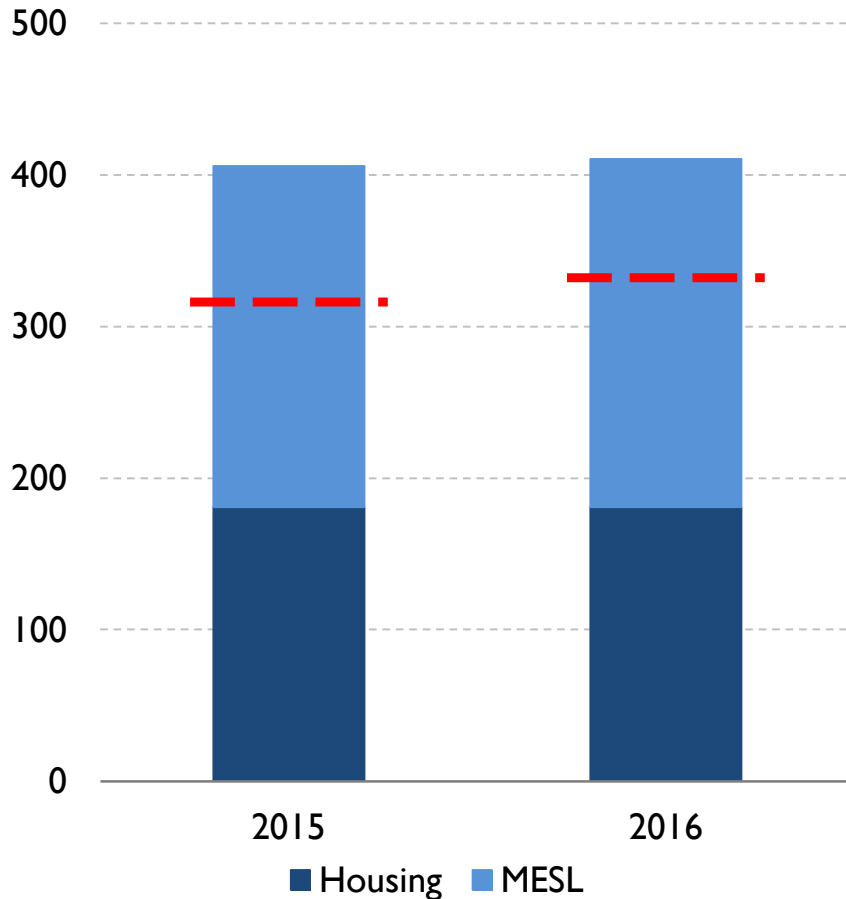
Budget 2016 Social Welfare Increases

- State Pension
- Child Benefit
- Fuel Allowance
- Christmas Bonus

Do not address the gap that has been allowed to deepen between social welfare rates and the cost of a Minimum Essential Standard of Living

Single Adult

FULL-TIME, NMW
PRIVATE RENTED HOUSING



2015

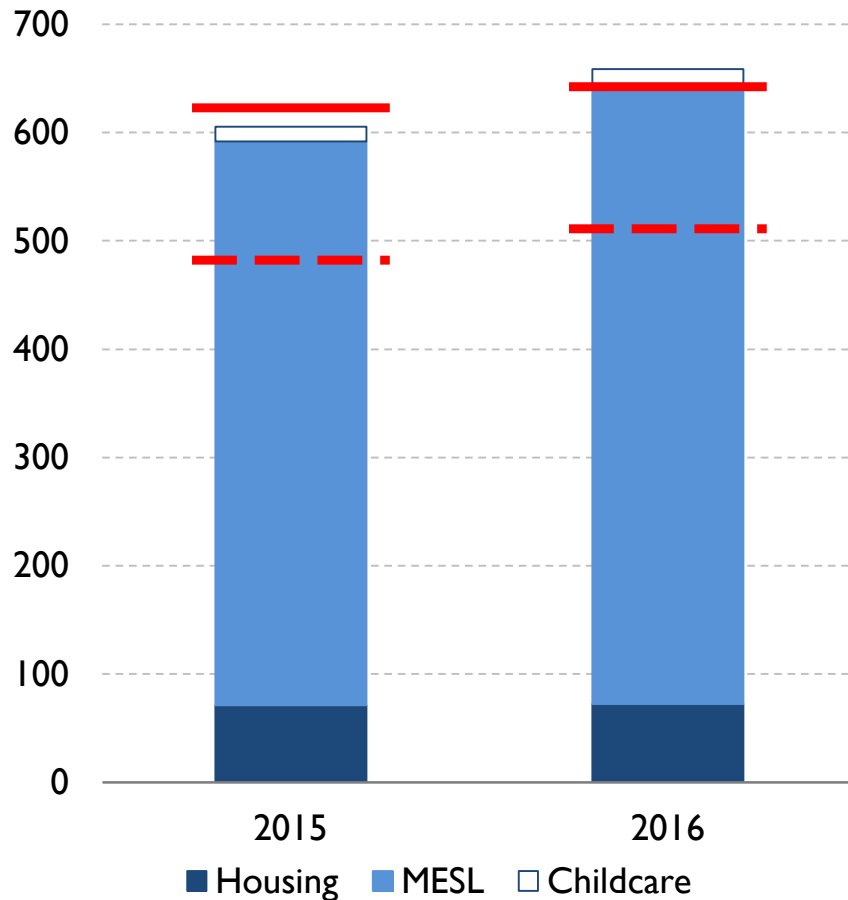
- **NMW** net income €316
- 78% of cost of MESL

2016

- **NMW** net income €332
- Increase of €16
- 81% of cost of MESL

Two Parents & Two Children (10 & 15)

I FULL-TIME & I PART-TIME, NMW
SOCIAL HOUSING



2015

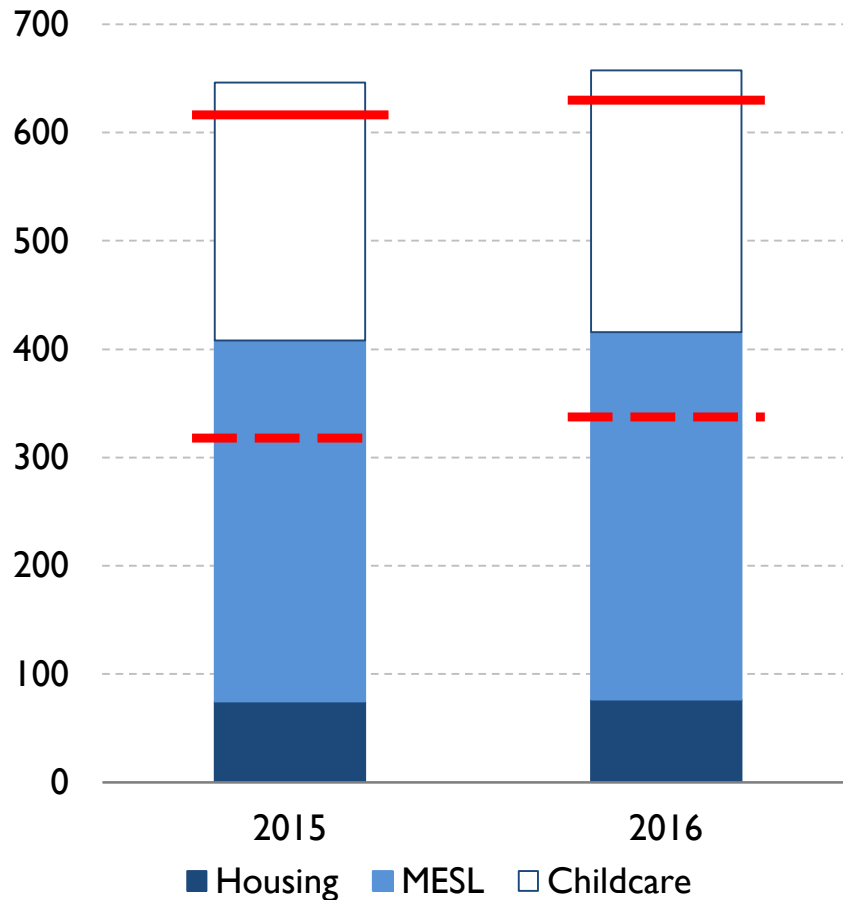
- Net income €623
- NMW, CB, FIS
- Full Medical Card
- 103% of cost of MESL

2016

- Net income €642
- Increase of €19
- GP Visit Card
- 97.5% of cost of MESL

One Parent & Two Children (3 & 10)

FULL-TIME, NMW
SOCIAL HOUSING



• Childcare Costs

2015

- Net income €616
- NMW, CB, FIS, OFP
- 95.4% of cost of MESL

2016

- Net income €630
- Increase of €14
- 95.8% of cost of MESL



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