

TASC

Think-tank for Action on Social Change



Independent research, challenging inequality and promoting a flourishing society

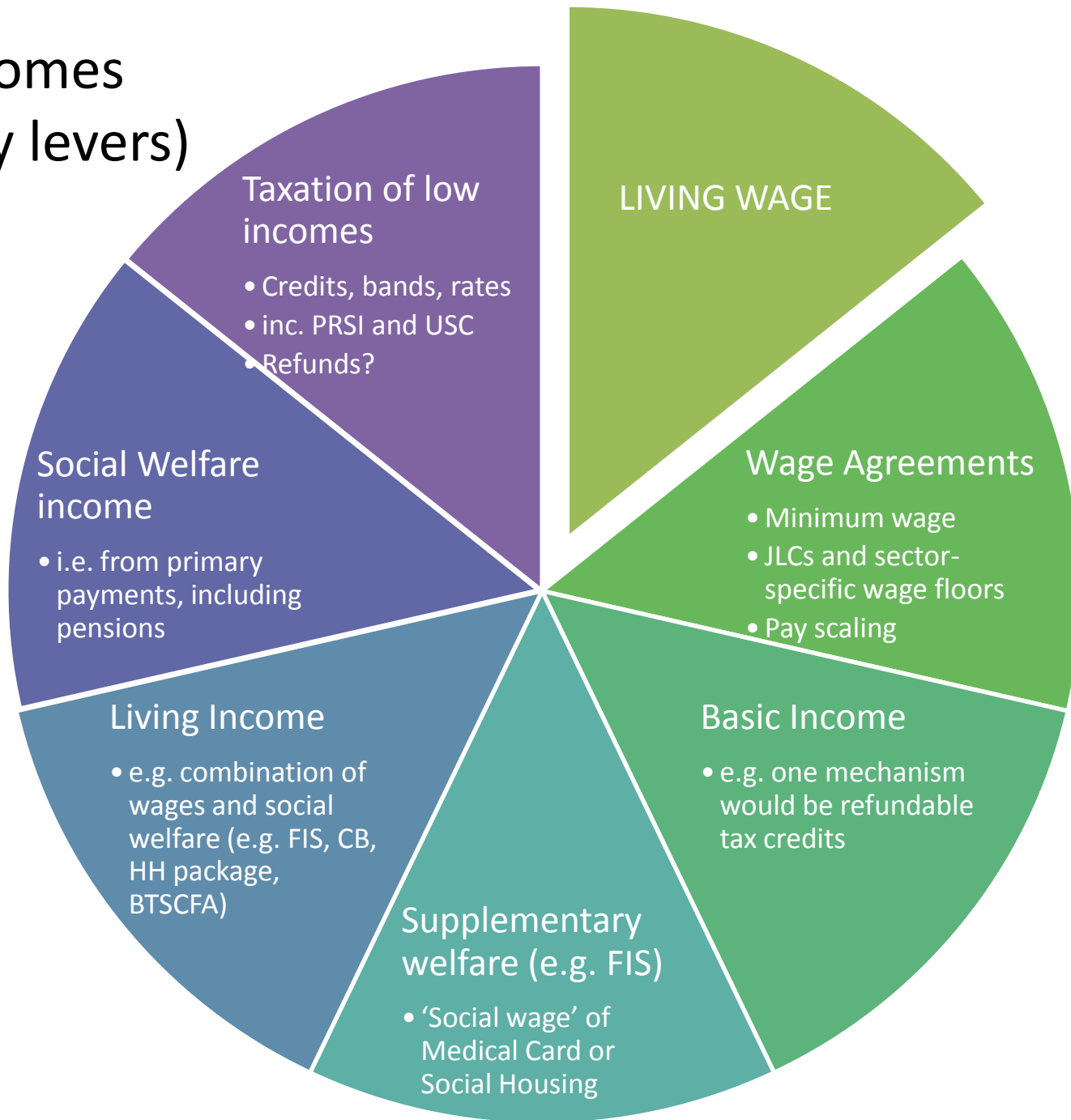
A Living Wage: The Policy Context

Vincentian Partnership for Social
Justice

Summary

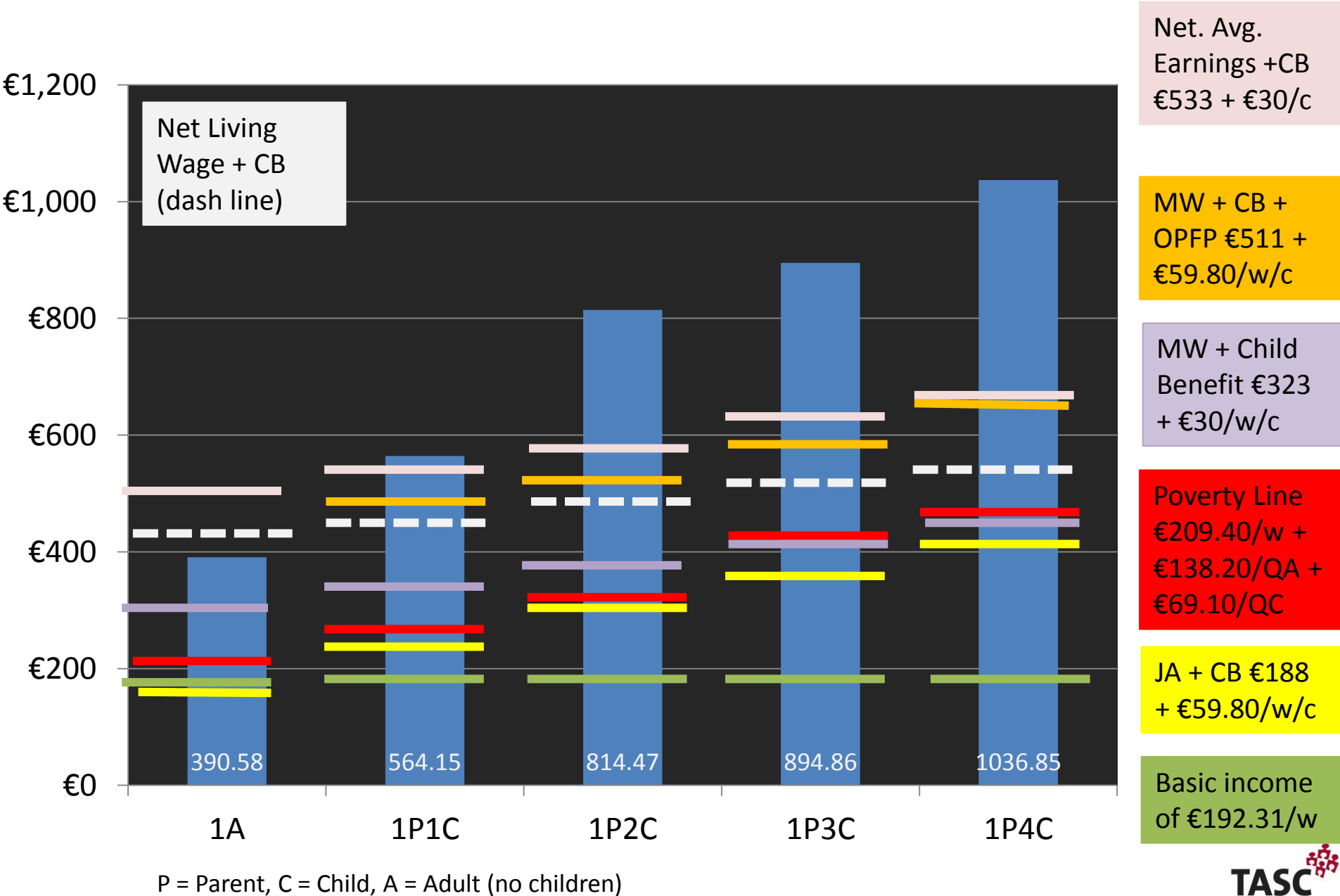
- Policy 'levers' re incomes
- MIS v different income standards
(definitions, adequacy/inadequacy, etc.)
- Core Expenditure v different income standards
– i.e. excluding 'big ticket items': housing, childcare
- Economics and economic policy

Incomes (policy levers)

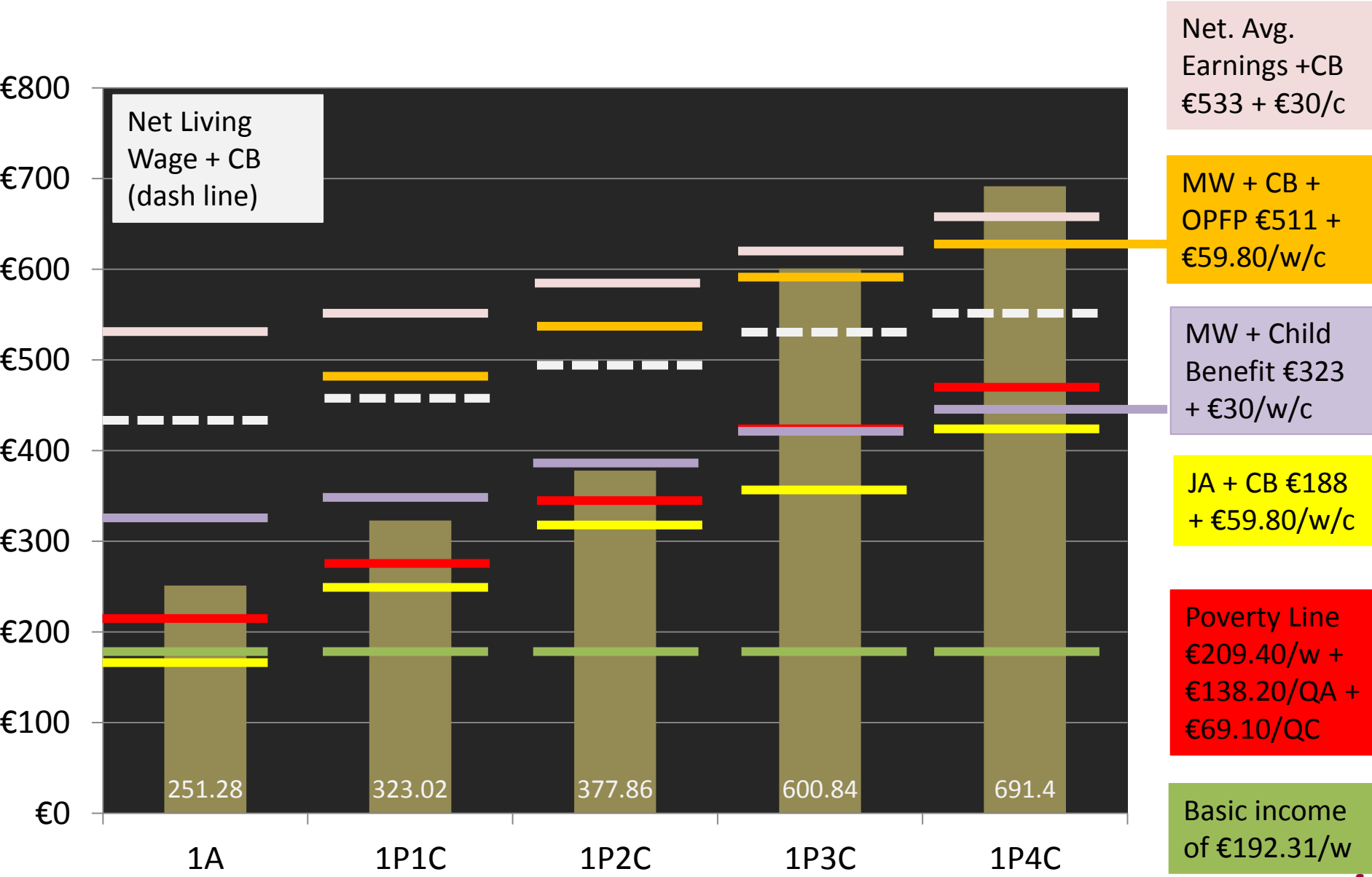


Household Type	Core Exp (€)	MIS (€/w)	Basic Income (net)	JA (QA, AC) + CB	60% Poverty Line /W (QA+.66%) (QC+.33%)	Net MW + CB (/W)	Net MW +OPFP +CB (/W)	Living Wage (net) +CB	Net Avg. Earnings +CB
1A	€251.28	€390.58	€192.31	€188.00	€209.40	€322.83	n/a	€435	€533
1P1C	€323.02	€564.15	€192.31	€247.80	€278.51	€352.83	€490	€465	€563
1P2C	€377.86	€814.47	€192.31	€307.60	€347.61	€382.83	€540	€495	€593
1P3C	€600.84	€894.86	€192.31	€367.40	€418.81	€412.83	€591	€525	€623
1P4C	€691.40	€1,036.85	€192.31	€427.20	€487.91	€442.83	€638	€555	€653
2A	€390.78	€531.22	€384.62	€312.80	€347.61	€626.00	n/a	€870	€1,066
2P1C	€454.43	€879.91	€384.62	€406.00	€418.81	€656.00	n/a	€900	€1,096
2P2C	€506.57	€922.57	€384.62	€436.00	€487.91	€686.00	n/a	€930	€1,126
2P3C	€599.95	€1,215.63	€384.62	€466.00	€557.01	€716.00	n/a	€960	€1,156
2P4C	€820.11	€1,164.98	€384.62	€496.00	€628.21	€746.00	n/a	€990	€1,186

Weekly MIS versus Income Standards (1)

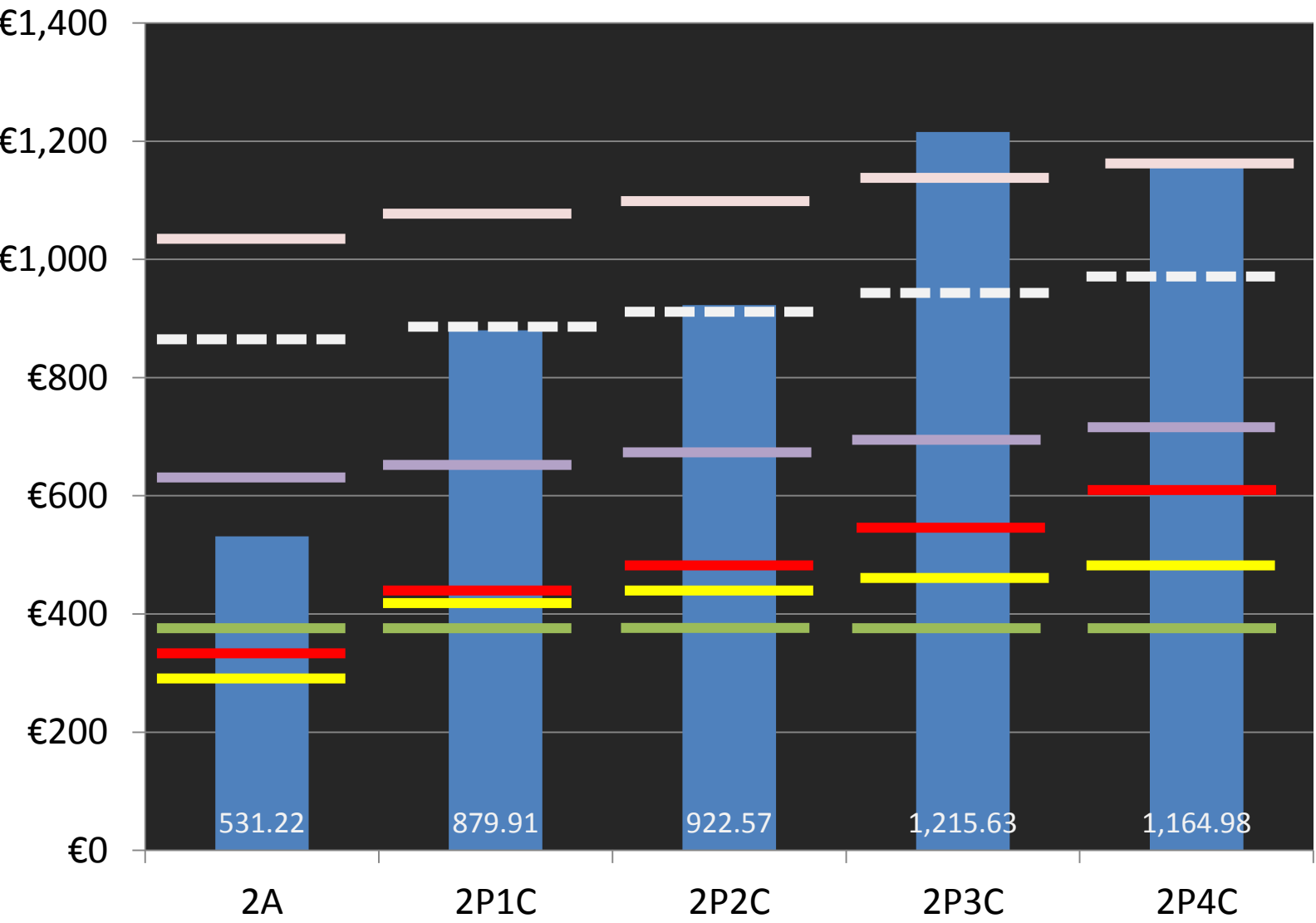


Weekly Core Expenditure versus Income Standards (1)



P = Parent, C = Child, A = Adult (no children) NB Housing and Childcare Costs

MIS versus Income Standards (2)



Net. Avg.
Earnings +CB
€1066 + €30/c

MW + Child
Benefit €323
+ €30/w/c

Net Living
Wage + CB
(dash line)

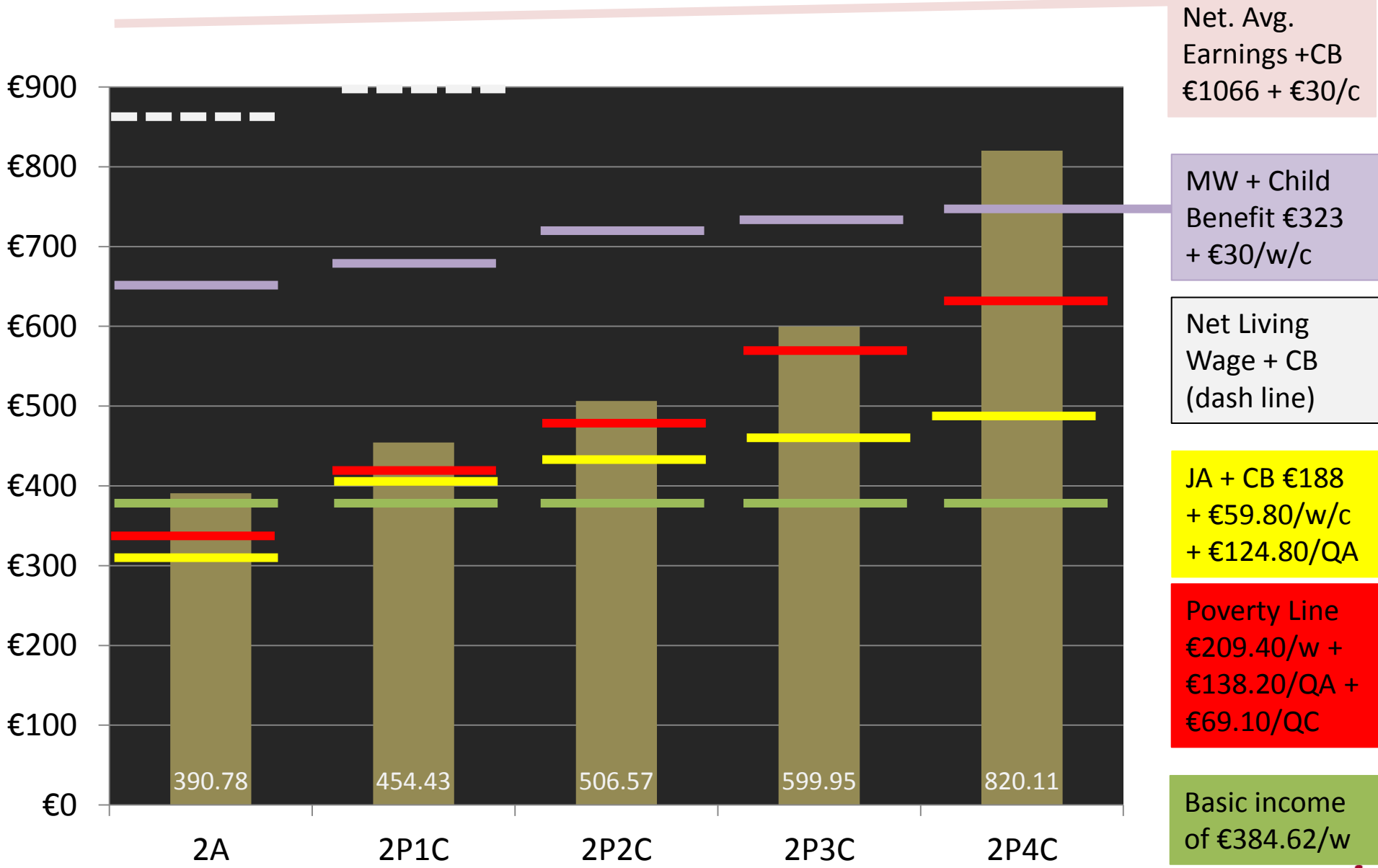
JA + CB €188
+ €59.80/w/c
+ €124.80/QA

Poverty Line
€209.40/w +
€138.20/QA +
€69.10/QC

Basic income
of €384.62/w

P = Parent, C = Child, A = Adult (no children)

Weekly Core Expenditure versus Income Standards (2)



P = Parent, C = Child, A = Adult (no children) NB Housing and Childcare Costs

Sources

- Household core expenditure (from Living Wage paper, based in turn on MEBS, e.g. www.budgeting.ie, www.misc.ie);
- Net incomes on wages calculated on Deloitte's tax calculator (<http://deloitte.ie/tc/>)
- Minimum wage (39 hours/week). Gross = €17,542.20, Net = €16,787.00
- <http://www.citizensinformation.ie>
 - Child Benefit = €130/month/child = €1,560/year = €30/week (52 weeks)
 - One Parent Family Payment (taxable). Gross = €188/week + €29.80/week/child. (NB stops after age 7)
- www.cso.ie
 - Average weekly earnings (Qtr 3, 2013) Gross = €675.53/week. Net = €533/week.
 - Poverty line 60% median income (equivalised, individual) = €10,889/person adult + 0.66%/QA + 0.33%/QC (See e.g. SILC 2011)
- Basic income example, €10,000/year = €192.31/w
- Living Wage. Gross = €27,000. Net = €22,611/year or €435/week
- *NOTE: charts drawn by hand and not precise in fine detail*

Economic Policy Issues

Employment

- Increased labour costs versus higher aggregate demand?
- SMEs versus larger enterprises?

Inflation

- Effects of raising wage floor on cost of goods/services?

Trade

- Euro zone wage levels versus Ireland (current or LW)?
- Migration?
- Imports versus exports?

Implementation

- Voluntary versus Statutory?
- Exemptions? E.G. family businesses, inability to pay

Other arguments

- Productivity? “Incentives”? Etc.

What other policies would need to change?

- Social welfare (primary and secondary payments)?
- Taxation – forms, rates, bands, etc.?
- Public services (housing, childcare, economies of scale)?