



PROJECT TEAM

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MINIMUM ESSENTIAL BUDGET STANDARDS & THE LIVING WAGE

Vincentian Partnership for Social Justice

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- Two main approaches to achieve our goal
 1. **Active citizenship / voter education programme** with communities alienated from the electoral democratic process:
‘Your vote is your voice’
 2. Development of facts and figures on **Minimum Essential Budget Standards** for household types in Ireland

Minimum Essential Budget Standards Methodology

Some simple questions = focus of this research

- What is a basic standard of living?
- How much does it cost?
- How much income do you need to afford this?
- How much is A Living Wage?

What is a Minimum Essential Standard of Living (MESL)?

- Derived from negotiated consensus on what households believe is a minimum.
- It is a standard of living which meets individual's/household's physical, psychological and social needs.

What is a Minimum Essential Standard of Living (MESL)? Cont'd

Expenditure:

- A Minimum Essential Standard of Living is calculated by identifying the goods and services required by different household types in order to meet their minimum needs.

Income:

- A Minimum Income Standard is the income required in order to achieve a minimum essential standard of living.

What is The Living Wage

- The Living Wage is based on the concept that work should provide an adequate income to enable individuals to afford a socially acceptable minimum standard of living.
- The Living Wage is the average gross salary which will enable full-time employed adults (without dependents) across Ireland afford a socially acceptable minimum standard of living.

Minimum Wage

- €8.65 per hour
- A rate which is set by policy makers
- Is arbitrarily determined, and does not reflect the cost of a standard of living
- Does not change as living costs change

Living Wage

- €11.45 per hour
- A rate which is based on evidence and research
- Benchmarked against the cost of minimum standard of living
- Updated each year to reflect changes in the cost of a Minimum Essential Standard of Living

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Establishing the Expenditure

- To establish the expenditure 3 focus groups are held for each household type
- Negotiated consensus on goods & services to be included in the baskets (approx 2000 items)
- Experts are consulted in order to ensure that the negotiated consensus meets basic criteria e.g. nutritional standards
- Focus is on needs, not wants

Focus Groups

- Include People from different socio-economic backgrounds (8 – 12 people per focus group).
- Focus Group work preceded by orientation meeting.
- 3 different focus groups for each household type:
 - Focus Group 1:*** Produces an agreed list of items
 - Focus Group 2:*** Reviews work of 1st group – reach consensus
 - Focus Group 3:*** Rechecks items in each category
 - Study total costs for each category
 - Reaches final consensus

What does it include?

- 16 Areas of Expenditure
- Goods and services priced in shops and providers identified by Focus Groups

Food	Clothing	Personal Care	Health Costs
Household Goods	Household Services	Housing (rent)	Communications
Social Inclusion & Participation	Transport	Household Fuel	Childcare
Insurance Costs	Education	Personal Costs	Savings & Contingencies

The Income Needed to Afford Expenditure

- The expenditure establishes the benchmark of what household types need. From this the income need of household types can be examined
- **Minimum Income Standard (MIS)**
This is 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.

Minimum Income Standard

DUBLIN 2014

ONE PARENT

Infant

MESL EXP	578.99
Gross Salary (MIS)	626.25
Income Tax	30.00
USC	21.19
PRSI	25.05
Net Salary	550.01
Child Benefit	30.00
Medical Card	Full
Total Income	580.01
Hourly MIS Rate	16.70
Annual MIS	32,565.00

Calculating the Living Wage

- The ‘Living Wage’ is the average gross salary needed for a single person to afford a minimum standard of living
- It is calculated on the basis of the Minimum Essential Standard of Living research in Ireland, conducted by the VPSJ
- The MESL data uniquely provides an evidence based measure for assessing the minimum income need of households in Ireland

Regional Differences

- The minimum expenditure required varies in different parts of the country
- This is due to the different cost of the items required to enable this minimum essential standard of living in different regions, and some regional variation in what is required
- MESL data includes Urban & Rural needs
- Most significant differences are in Housing and Transport

Regions

DUBLIN

Dublin City & Suburbs, and other towns in Dublin County

CITIES

The City & Suburbs of Cork, Galway, Limerick & Waterford

TOWNS

All towns with a population of 5,000 and above
(excluding those towns in Dublin)

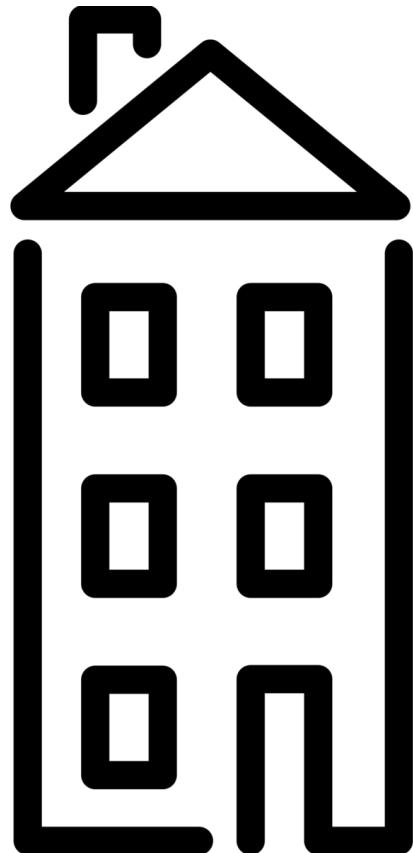
RURAL

All towns & villages with a population of under 5,000 and all other rural areas

Calculating the Living Wage rate

- The core weekly cost of a Minimum Essential Standard of Living is compiled for each region
- The appropriate minimum housing cost is identified for each region
- The Minimum Income Standard salary rate required to afford the cost of an MESL is calculated for each region
- The Living Wage rate is calculated from this range of MIS rates by producing an average wage requirement, weighted by the proportion of the labour force in each region

Housing



- Private Rented
- 1 bed dwelling type for Single Adult
- Data from PRTB
- 90% of the average price for each region
- Rent accounts for 18% to 40% of overall expenditure

Transport

Dublin & Other Cities

- Public Transport
 - Monthly Bus Ticket (12 per year)
 - Night bus or Taxi share once a week



Towns & Rural

- Car
 - Small used car, e.g. Nissan Micra
 - Tax & Insurance
 - An allowance for fuel
 - Annual Service
 - NCT



Living Wage 2014 Calculation

	DUBLIN	CITIES	TOWNS	RURAL
Weekly Expenditure Need	409.93	347.95	372.52	378.96
Annual Gross Salary	25,214.90	20,537.95	22,368.06	22,876.43
Weighting	0.2922	0.0905	0.1986	0.4188
LIVING WAGE		Actual	Rounded	
Gross per annum	23,247.19			
Gross per week	445.86			
Gross per hour	11.43	11.45		

Family Living Income

- Calculated in same manner as Living Wage
- All adults in household employed Full-Time
- MESL expenditure and MIS salary calculated for a set of common family household compositions
- Establish the range of gross salary need for each composition
- Also take account of social welfare entitlements

Family Household Compositions

Household	Child Age Groups
Two Parents, 1 Child	Infant
Two Parents, 2 Children	Pre-School, Primary
Two Parents, 3 Children	Infant, Pre-School, Primary
Two Parents, 4 Children	Two Primary, Two Secondary Level
One Parent, 1 Child	Primary
One Parent, 2 Children	Pre-School, Primary

FAMILY LIVING INCOMES - Annual Gross Salary Per Adult

Family Type	€ from	€ to
Two parents and one child (an infant)	21,045	26,620
Two parents and two children (one in pre-school and one in primary)	20,540	26,030
Two parents and three children (an infant, one in pre-school and one in primary)	28,775	36,600
Two parents and four children (two in primary school and two in secondary school)	28,875	32,535
One parent and one child (in primary school)	17,590	31,010
One parent and two children (one in pre-school and one in primary school)	33,855	50,940



€ 11.45 *per hour*

This is the gross hourly salary required by a single adult working full-time in Ireland in 2014, to afford a socially acceptable minimum standard of living

For more information and the Living Wage Technical Document visit
www.livingwage.ie



The Household Types Covered in the Research (Urban & Rural)

- Families with children: Two Parent & One Parent households (1- 4 children)
- Adults of working age, living alone
- Pensioner couple households
- Pensioners living alone
- Cohabiting couple of working age, no children

Previous Research

- 2000 One Long Struggle – A Study of Low Income Households
- 2004 Low Cost but Acceptable Budget Standards for Three Households
- 2006 Minimum Essential Budgets for Six Households Types (Urban)
- 2008 Minimum Essential Budgets for Six Households Types – Changes during the Period 2006-2008
- 2010 Minimum Essential Budgets for Six Rural Households Types
- 2012 A Minimum Income Standard for Ireland
- 2012 Minimum Income Standard Calculator (www.MISc.ie)
- 2012 The Cost of a Child
- 2012 Review of Contents of the Expenditure Areas – Baskets
- 2014 Living Wage Technical Document

Further Information

- www.budgeting.ie
- www.MISc.ie
- www.VPSJ.ie
- www.livingwage.ie

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