

Some Thoughts on Budget 2013 & onwards

SVP Pre-Budget Event, October 25th 2012

Dr Micheál Collins
NERI (Nevin Economic Research Institute)
Dublin
mcollins@NERInstitute.net



A sweep through a few views, findings and suggestions:

- 1. Minimum Incomes**
- 2. 'Making Ends Meet'**
- 3. The Cost of Work**
- 4. Taxes: some room?**
- 5. Government Choices**



Overall

- Low incomes are more common than perceived
- Many living below the minimum
- Recession has hit all; felt more at the bottom
- Work is a challenge for low income households
- There is room for tax increases: income and elsewhere
- Budget 2013: shift the adjustment structure away from expenditure cuts
- Further public services cuts hit poor hardest

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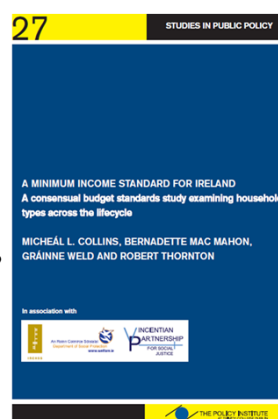
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1. Minimum Incomes

- **Joint project with VPSJ**
- **Three questions:**
 - What is a basic standard of living?
 - How much does it cost?
 - How much income do you need to afford this?
- **5 Household Types Examined:**

www.misc.ie

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Urban 2 Adults and 2 Child Household (table 2)

Table 2: MESL and the cost of taking-up work – Urban 2 Adults, 2 Child Household (€ per week)

MESL for each household type	9 Months & Pre-School	Both Pre-School	Pre & Primary School	Both Primary School	Primary & Second Level	Both Second Level	Second Level & 19 Years
Unemployed, Dependent on JSB	464.03	421.14	451.50	481.87	547.77	613.67	648.85
1 Adult Employed Full-Time	484.44	441.55	471.92	502.28	568.18	634.08	660.56
Both Adults Employed, 1 Full-Time & 1 Part-Time	696.05	597.46	568.44	539.41	640.13	693.48	729.55


2. Making Ends Meet

- An increasing challenge given the recession: job losses, price changes, uncertainty, wage cuts, tax rises
- The experience of the SVP...
- CSO's Quarterly National Household Survey module on the Economic Downturn published in February 2012.
- Looked at 'cutbacks' and 'financial adjustments'




PES of Household Reference person	Cutbacks		Financial adjustments	
	At least one cutback	Average no. of cutbacks (max=8)	At least one adjustment	Average no. of adjustments (max=7)
At work	84	3.1	75	1.7
Unemployed	94	3.6	88	2.6
Student	80	3.1	76	2.1
Home duties	68	1.9	65	1.3
Retired	54	1.4	56	0.9
Others	78	2.4	72	1.8
All Households	79	2.8	72	1.6

Source: CSO Quarterly National Household Survey module on the Economic Downturn – Feb 2012.



3. The Cost of Work



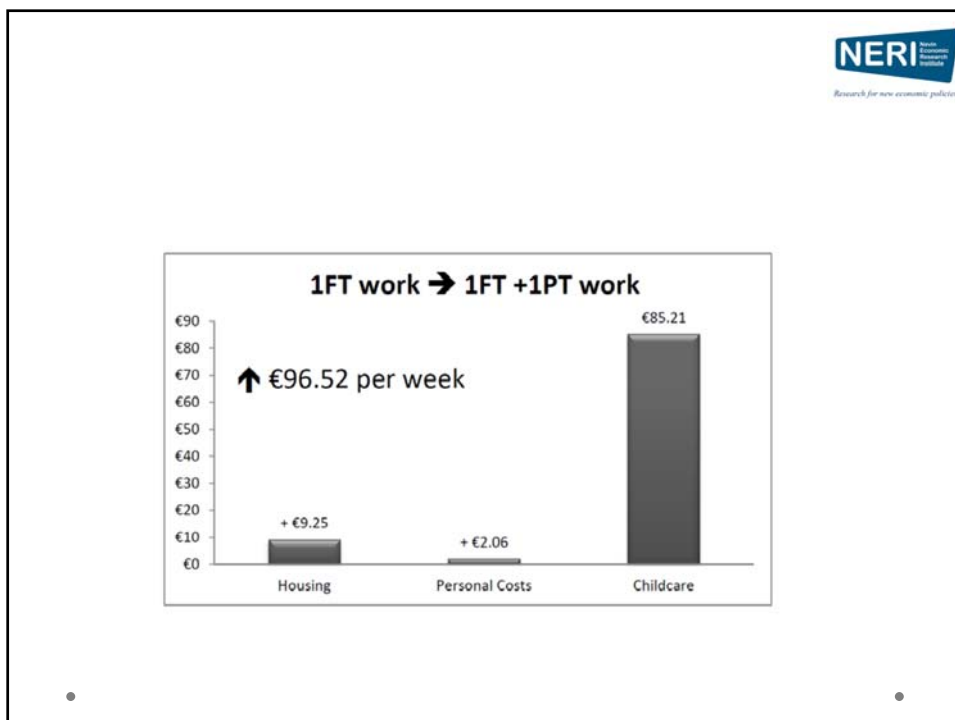
NERI Working Paper Series

**The Cost of Work:
Insights from Minimum Income Standards
Research for Ireland**

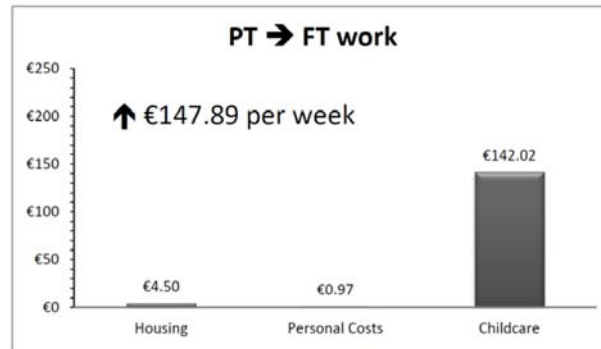
Micheál L. Collins, Bernadette Mac Mahon,
Gráinne Weld and Robert Thornton.

May 2012

NERI WP 2012/No 3



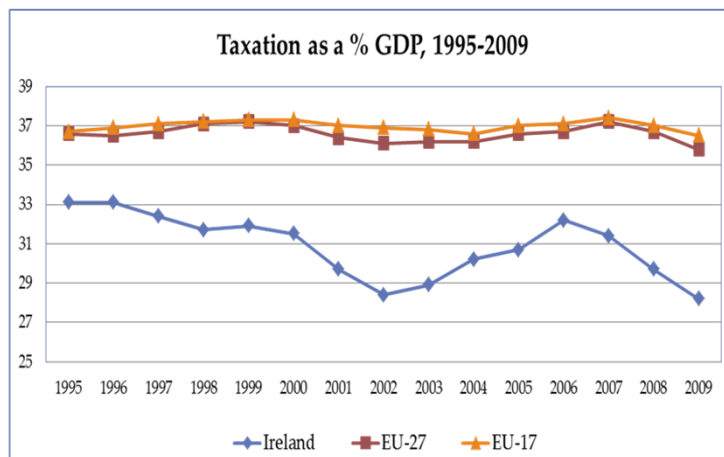
Urban 1 Adult and 2 Child Household



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4. Taxes: Some room?



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- Effective tax rates in recent years

Effective taxation rates 2008-2012

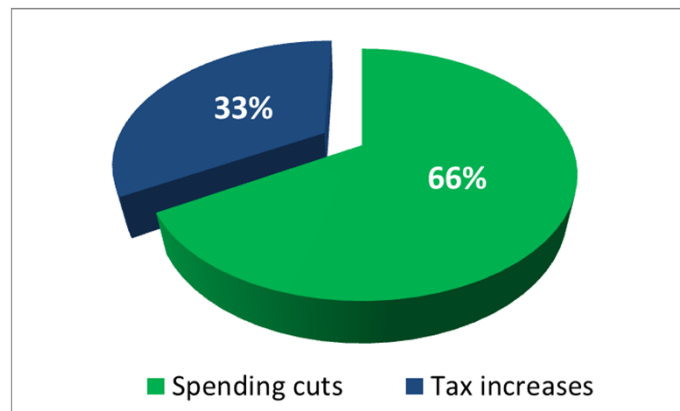
Single Person					
Gross Income	2008	2009	2009e	2010	2011/12
€15,000	0.0	0.0	0.0	0.0	2.7
€25,000	8.3	9.3	10.3	10.3	14.0
€40,000	18.6	19.1	22.1	22.1	24.2
€60,000	27.5	28.2	31.7	31.7	33.4
€100,000	33.8	34.6	39.2	39.2	40.9

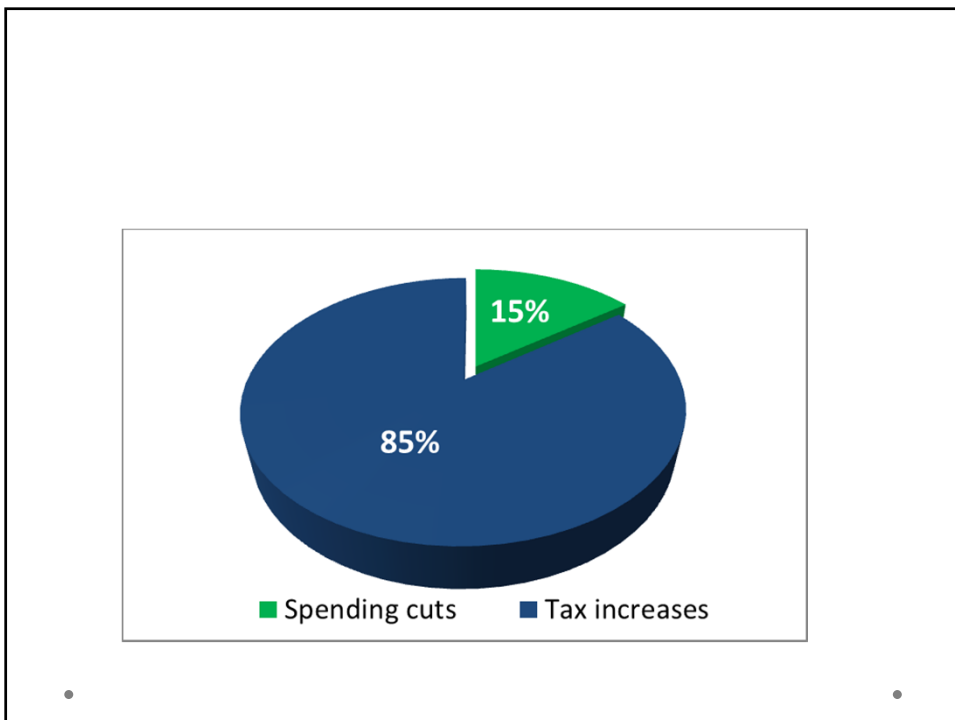
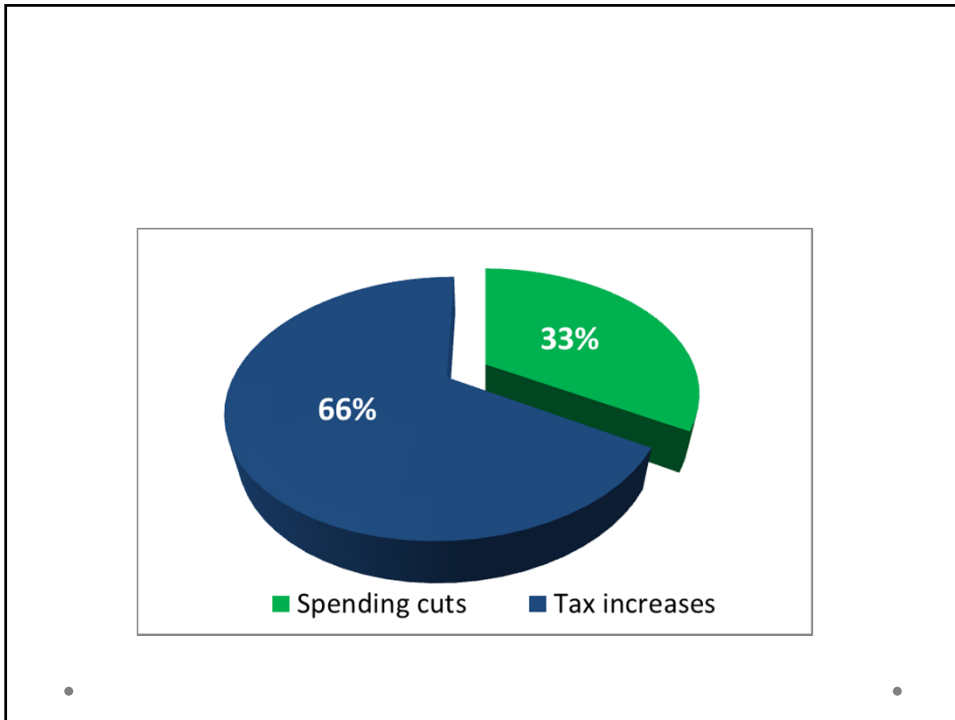
Couple 2 earners					
Gross Income	2008	2009	2009e	2010	2011/12
€15,000	0.0	0.0	0.0	0.0	2.0
€25,000	0.0	0.0	1.3	1.3	2.5
€40,000	3.6	4.3	4.9	4.9	9.2
€60,000	12.2	13.2	15.5	15.5	16.8
€100,000	23.8	24.4	27.9	27.9	29.7



5. Government Choices

- Budget 2013: three possible pathways





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