Addressing Low Income & Low Pay

DECENT WORK
BETTER PUBLIC SERVICES

CPSU
Annual Delegate Conference
GALWAY 2014

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

NERI Nevin Economic Research Institute

Research for new economic policies

Outline

1. About the NERI
2. Income: High and Low
3. Earnings: High and Low
4. Making Ends-meet
5. Reforms for Decent Work
6. Where are we going?

1. About the NERI

- Formally up-and-running for 2 years
- Having an impact
  - Creating a new space for economic insights on Ireland
  - Inputs into options on Investment, Budgets, the implications of austerity, Unemployment crisis, Low-pay, Incomes…
  - + Northern Ireland role
  - Thinking about where we are going as a nation…
- The challenge to *'stay off the treadmill'*
- Informing thinking of unions and others on policy options
- CPSU: a key supporter

2. Income: High and Low

On Gross Income:

- 33% of households have a gross income of less than €27,000
- 62% of households have a gross income of less than €50,000
- The top 20% of households have a gross income of more than €80,000 per annum
- 12% of household have a gross income above €100,000 per annum

NERI Research inBrief

February 2014 (no 9)

Household Income Distribution in the Republic of Ireland

Micheál L. Collins

ISSN 2009-5848

SUMMARY

Understanding the nature, shape and composition of the income distribution is an important component of our understanding of society and the appropriateness of various policy options. In the context of considerations of policy changes (to taxes, welfare payments or public services) or changes to earnings levels (both high incomes and low incomes) it is useful to ground considerations in an understanding of the incomes experienced in society.

In this Research *inBrief* we examine the Republic of Ireland's household income distribution looking at both gross income and disposable income. The analysis is based on the latest data available from the CSO.

Larger versions of the income distribution charts are available on the NERI website.

KEY POINTS

On Gross Income:

- 33% of households have a gross income of less than €27,000
- 62% of households have a gross income of less than €50,000
- The top 20% of households have a gross income of more than €80,000 per annum
- 12% of household have a gross income above €100,000 per annum

On Disposable Income:

- 50% of households have a disposable income of less than €35,000 per annum
- The top 10% of households have a disposable income above €77,000 per annum
- The top 3% of households have more than €2,000 per week in disposable income (€104,000 per annum)

Nevin Economic Research Institute (NERI)
31/32 Parnell Square
Dublin 1
+ 353 (1) 8897722

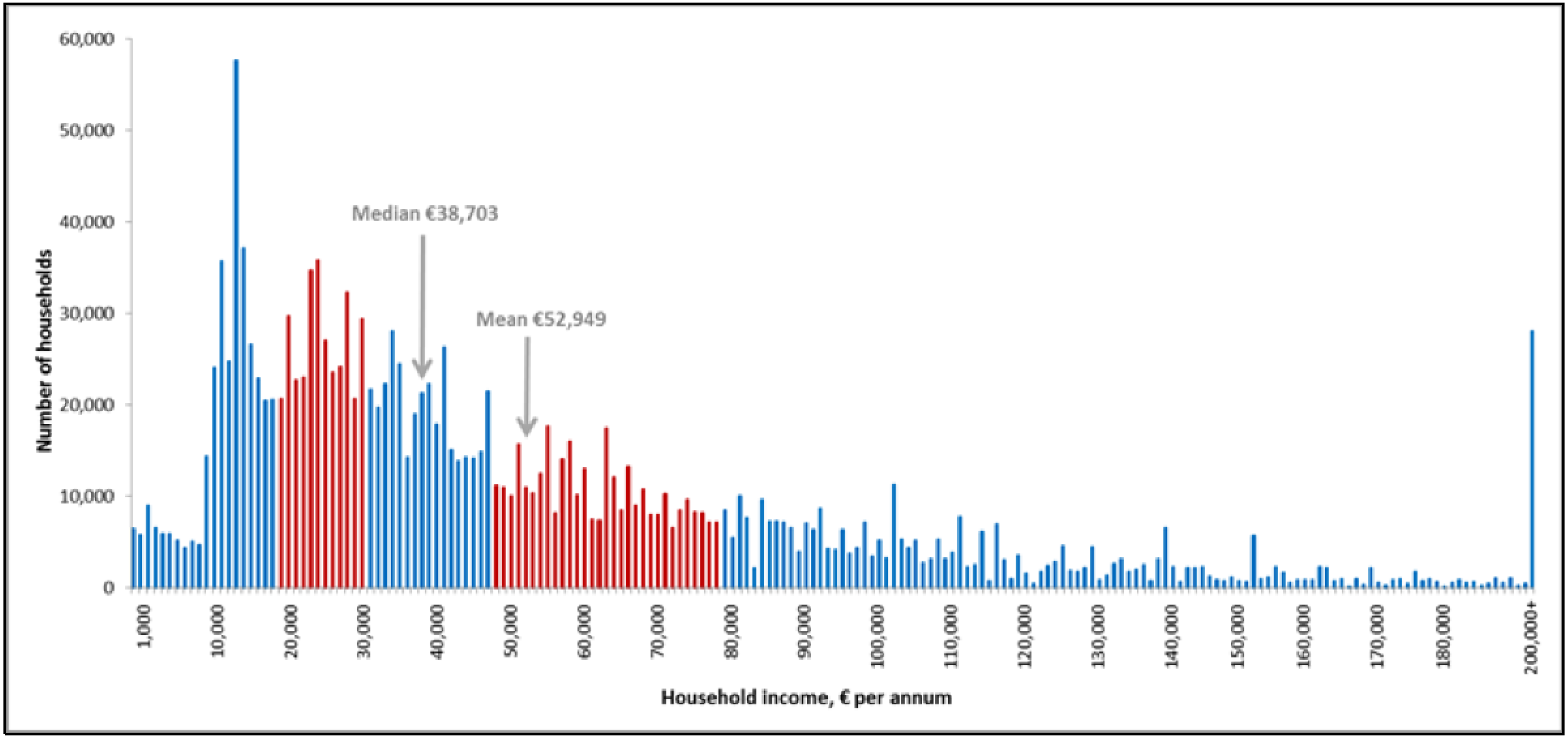
Carlin House
4-6 Donegall Street Place
Belfast
BT1 2FN
Northern Ireland
+ 44 28 90246214

e-mail: info@ NERInstitute.net
Web: www.NERInstitute.net

Research for new economic policies

Research for new economic policies

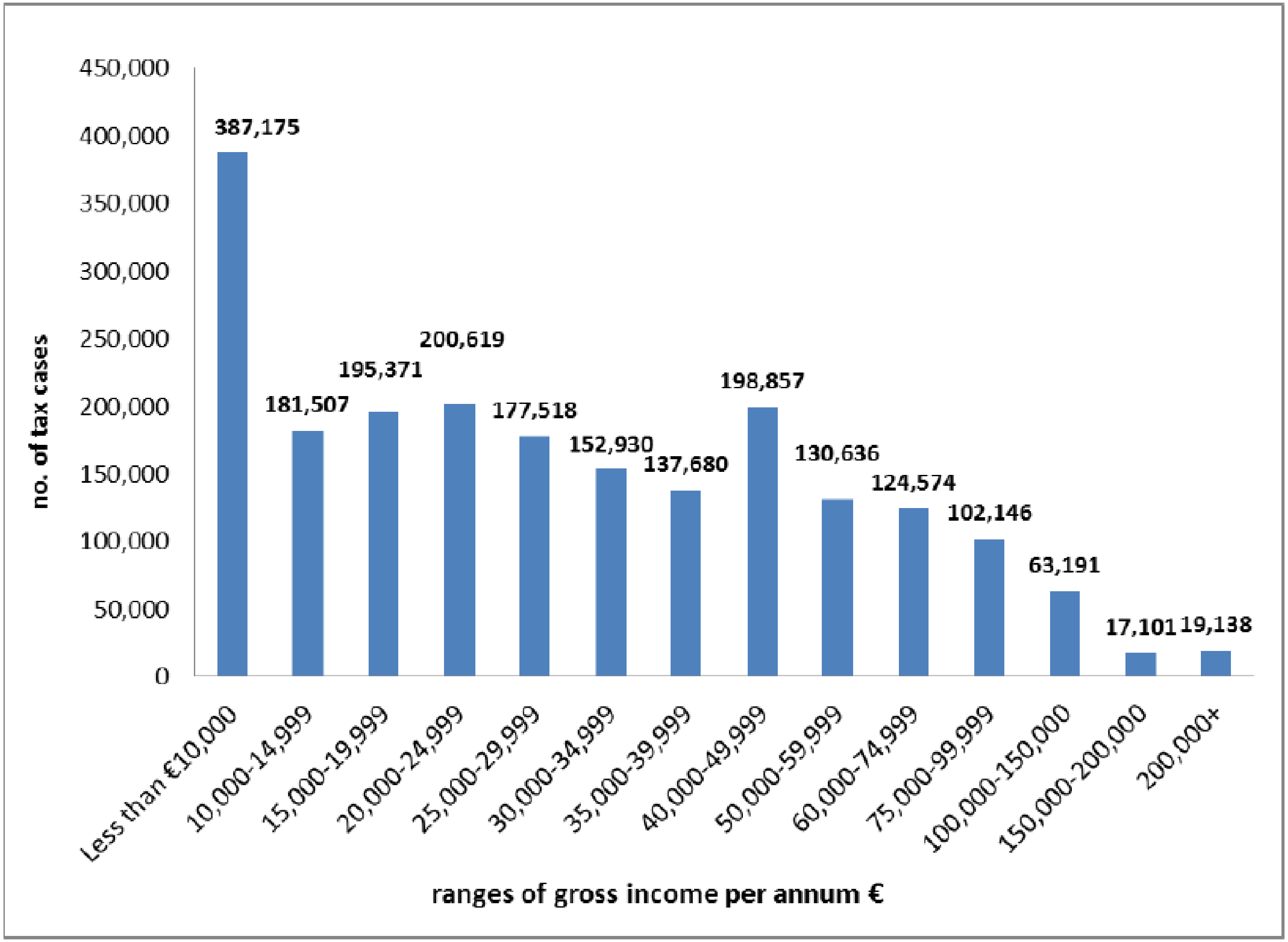
Chart 1: Ireland's Gross Household Income Distribution, 2011



3. Earnings: High and Low

- Also not well understood
- Many more on low-medium earnings:
  - Revenue Commissioners
  - Earnings by tax case
  - NERI QEF indicator 4.6a (ROI)
- Simply:
  - The bottom quarter of earners have incomes of less than €15,000
  - The next quarter have incomes of between €15,000 and €30,000
  - The next quarter have incomes of between €30,000 and €50,000
  - The top quarter of earners have incomes above €50,000

Chart 4.6a Distribution of Tax Cases by income range



4. Making Ends-meet

Figure 4: Impact of Income Tax, Welfare and Public Sector Pay Policy Changes, 2008-2013 - percentage change by decile of equivalised disposable income

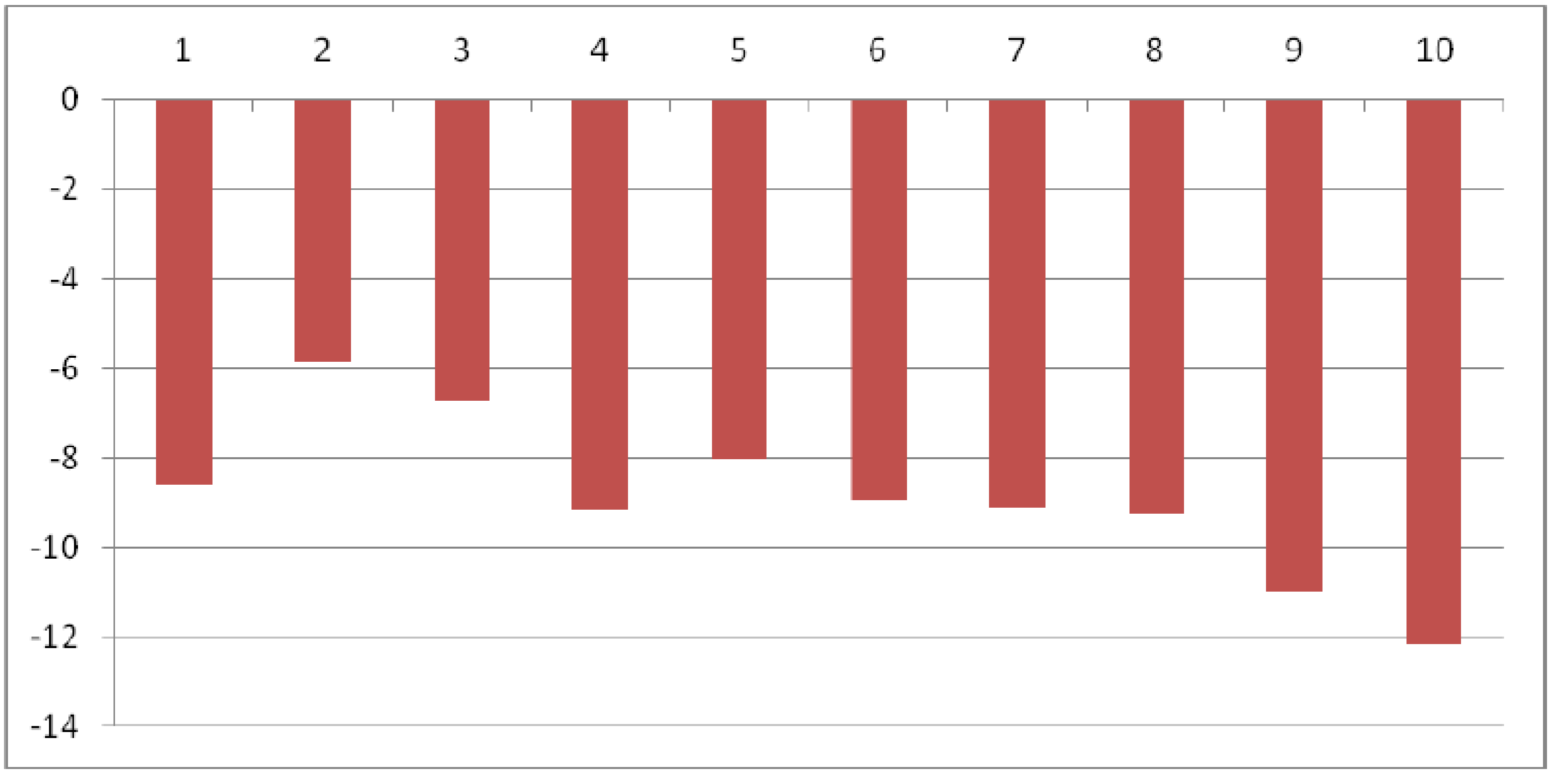
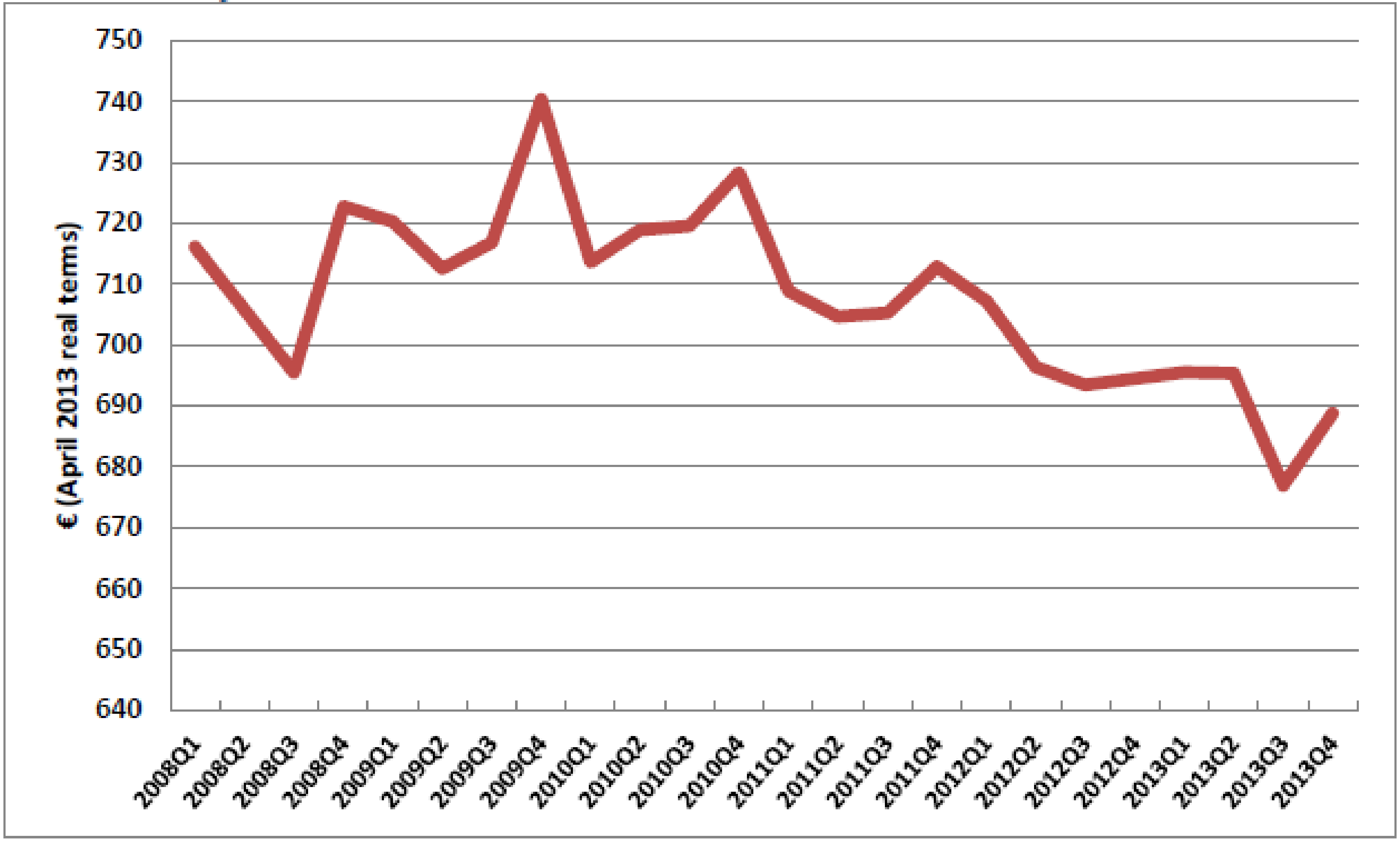


Chart 2.3 Changes in Real Average Weekly Earnings (Republic of Ireland)



Research for new economic policies

Chart 2.2 Monthly Trends in the Volume of Retail Sales (Republic of Ireland)

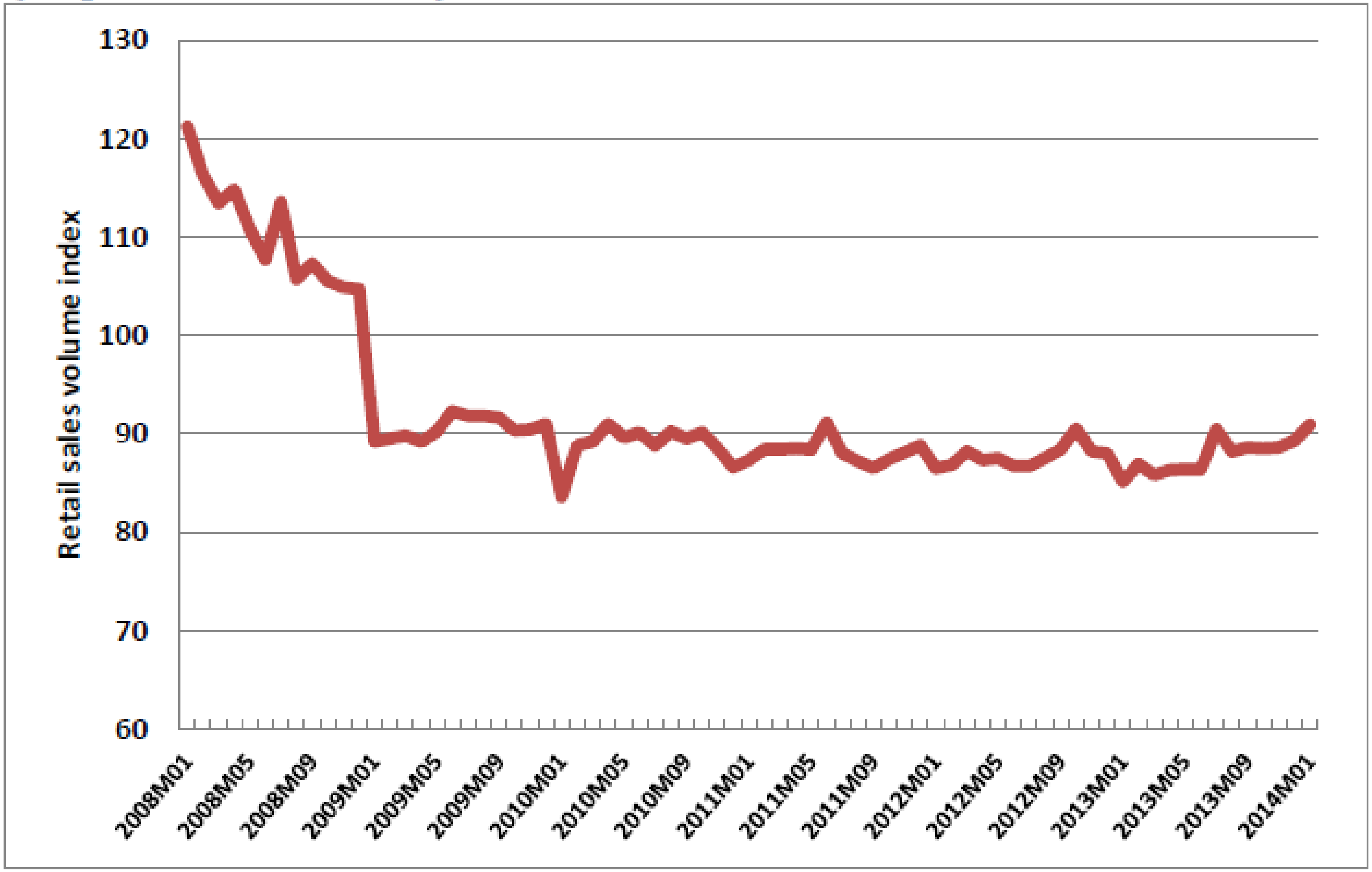
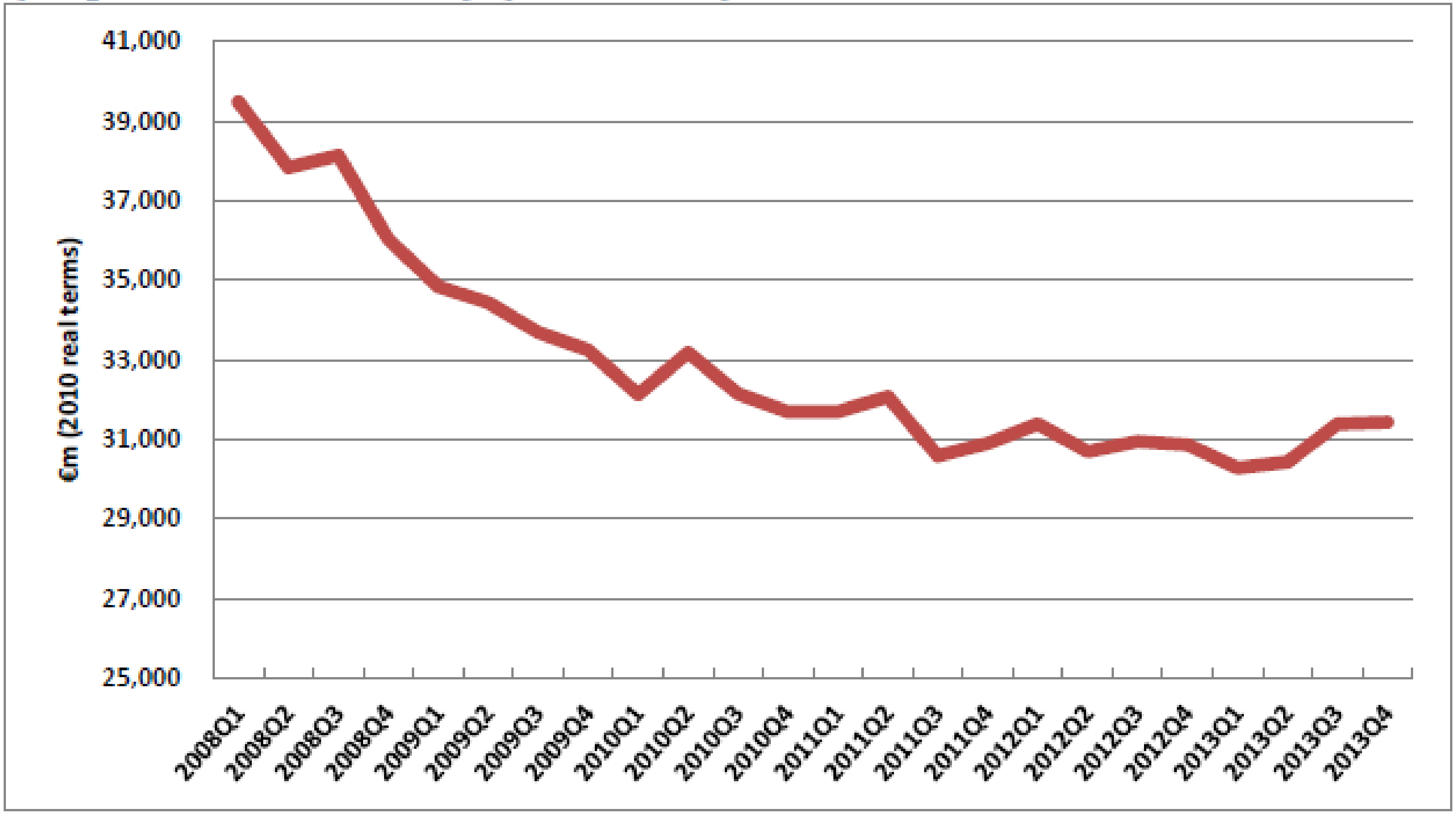


Chart 2.4 Trends in the Real Value of Domestic Demand (Republic of Ireland) (€ million)



5. Reforms for Decent Work

- An important focus
- Threat of degrading of standards – public & private
  1. Economic Stability
  2. Income and wage increases (solidaristic?)
  3. A Living Wage?
  4. ↑ Public Services and Public Expenditure
  5. Childcare

6. Where are we going?

- Finally
- Something we need to be thinking about…
- Not where we were before
- Somewhere different:
    - Boston or Berlin – simplistic, but…
    - European standards of living and public services…costs
    - Decent income, decent work, decent social welfare
    - Property P & high rents / investing in children / work structures
    - Closing not re-opening divides
    - More realistic about naming what we want
    - More from NERI coming on this…

Addressing Low Income & Low Pay

DECENT WORK
BETTER PUBLIC SERVICES

CPSU
Annual Delegate Conference
GALWAY
2014

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

NERI Nevin Economic Research Institute

Research for new economic policies