

Social Inclusion Monitor 2011



An Roinn Coimirce Sóisialaí

Department of Social Protection

www.welfare.ie

Social Inclusion Monitor 2011

published by

Department of Social Protection
Arás Mhic Dhiarmada
Store Street
Dublin 1
Ireland



ISBN: 978-1-908109-17-0
Dublin, Ireland, March 2013

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www.welfare.ie and www.socialinclusion.ie

Any part of this technical paper may be quoted using the following reference:
Department of Social Protection (2013) *Social Inclusion Monitor 2011*,
Dublin: Department of Social Protection.

Summary

The purpose of the *Social Inclusion Monitor* is to report on progress towards the national social target for poverty reduction, which is to reduce consistent poverty to 4 per cent by 2016 and to 2 per cent or less by 2020. It also reports on the Irish contribution to the Europe 2020 target, and on poverty trends for children and jobless households, for which specific sub-targets are to be set by Government.

The Monitor is prepared by the Social Inclusion Division in the Department of Social Protection, as part of its remit to monitor poverty trends. It is primarily based on the findings of the 2011 *Survey on Income and Living Conditions*, undertaken by the Central Statistics Office. The income reference period for the survey was January 2010 to December 2011.

Key findings

- In 2010 to 2011, the economic crisis became more acute, especially unemployment. The social protection system responded to the crisis as an automatic stabiliser, with up to half the population benefiting from income support.
- As the baseline year is 2010, only short-term trends in relation to the target and supporting indicators can be presented based on 2011 data:
 - In 2011, the consistent poverty rate was 6.9 per cent which is not a statistically significant change on the 2010 figure. While this implies little progress towards achieving the overall national social target for poverty reduction in 2011, 5 years remain until the 2016 target of 4 per cent and 9 years until the 2020 target of 2 per cent or less are to be met.
 - In 2011, children had a consistent poverty rate of 9.3 per cent which was 1.6 times the adult rate (unchanged on 2010).
 - In 2011, jobless households accounted for 74 per cent of the consistent poverty rate, which was an increase on the 2010 share of 71 per cent.
 - In 2011 there was an increase of 127,000 in the Europe 2020 target population.
 - Social transfers continued to perform strongly in 2011 in reducing the at-risk-of-poverty rate by 24 percentage points (from 40 per cent to 16 per cent). This equates to a poverty reduction effect of 60 per cent and though a slight decrease on the 2010 figure (62 per cent), it is far in excess of the EU average of 35 per cent.



Statement from the Minister

Reducing and ultimately eliminating poverty is a fundamental aspiration of Irish society and is a commitment of the Government. Last year, the Government revised and enhanced the national social target for poverty reduction. The headline target is to reduce consistent poverty to 4 per cent by 2016 and to 2 per cent or less by 2020, and sub-targets are to be set for addressing poverty among children and jobless households.

To support the implementation of the target, the Government agreed to put in place regular, timely and systematic arrangements for monitoring progress. Having open and transparent monitoring of the target for the benefit of all stakeholders, including people experiencing poverty, is an important instrument of government accountability. Therefore, I welcome the inaugural issue of the *Social Inclusion Monitor*. I encourage all stakeholders concerned with issues of poverty and social inclusion to read the Monitor and to discuss its findings among their membership.

It is not surprising that the indicators reflect the impact of the worst economic and fiscal crisis for a generation. At the same time, it is very welcome to see the strong performance of social transfers in protecting those on the lowest incomes. In 2011, social transfers (excluding pensions) reduced the at-risk-of-poverty rate from 40 per cent to 16 per cent, representing a poverty reduction effect of 60 per cent (rising to 68 per cent if pensions are included).

Nonetheless, the Monitor documents the continuing negative impact of the economic crisis on the living standards of households. It is a useful reminder that the crisis is not just about banking and finance, but has a major social effect on the everyday lives of people of working age, children, older people and those with disabilities.

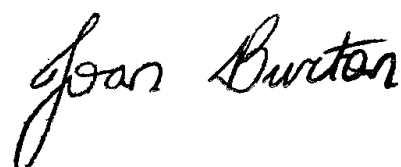
Section 1: Introduction

The national aspiration to reduce poverty is shared by the European Union in its *Europe 2020 Strategy* for growth and jobs. The target is to lift 20 million people out of the risk of poverty or social exclusion by 2020 and Ireland has signed up to contribute 200,000 to this target. As is the case generally across EU Member States, our performance has to be improved if the Europe 2020 target is to be met.

The statistics in the Monitor are mainly taken from the CSO *Survey on Income and Living Conditions* for 2011, which is the official source of data on household income and living conditions. I understand that the CSO is looking at how the data could be published earlier, with reporting occurring closer to the year in which the data are collected. This will help to enhance the policy relevance of the Monitor and ensure an informed and timely debate about the social impact of the crisis.

There remains a great challenge for Government and society to meet the national social target. The Government is committed to growing the economy and to creating new employment opportunities. At the same time, we have to ensure that the most vulnerable in society are enabled to benefit from economic recovery through activation programmes and services. Targeting policies and resources at the social groups which carry the greatest burden of poverty, notably jobless households and children, is therefore a policy priority.

I am confident that the delivery of targeted policies across Government departments, boosted by the resources and commitment of the social partners and civil society, will lead to future progress on the national social target for poverty reduction.



Joan Burton TD
Minister for Social Protection

This is the first *Social Inclusion Monitor*. Its purpose is to report on progress towards meeting the national social target for poverty reduction by providing regular, timely and accessible updates on key national indicators. The Monitor is one of two new instruments put in place to strengthen the implementation of the national social target, the other being the development of an integrated social impact assessment. The instruments are expected to better inform policy development and highlight the linkages between the different strands of policy making in the social sphere.

The statistical data presented in the Monitor are taken from the 2011 *Survey on Income and Living Conditions* (SILC), produced by the Central Statistics Office (CSO).¹ The focus of the Monitor is on social and economic outcomes as they relate to poverty and social exclusion; it does not examine the implementation of policies on poverty.² The Monitor is produced by the Social Inclusion Division in the Department of Social Protection, as part of its remit to monitor poverty trends and progress towards national targets.

There are three elements to the Monitor:

- a) the national social target for poverty reduction, including the sub-targets for children and jobless households and the Europe 2020 target;
- b) supporting indicators which capture key dimensions of poverty that underpin progress towards the target; and
- c) contextual indicators relating to lifecycle and vulnerable groups, as well as specific policy dimensions of poverty.

Table 1.1 sets out the national social target for poverty reduction and its component parts. The headline target is to reduce consistent poverty to 4 per cent by 2016 and to 2 per cent or less by 2020, from a 2010 baseline rate of 6.3 per cent. There are two sub-targets for children and jobless households, with the specifics of the sub-targets to be agreed with stakeholders. Also included is the Irish contribution to the Europe 2020 target. This is based on the combination of three indicators: consistent poverty, at-risk-of-poverty and basic deprivation. This 'combined poverty' indicator is similar to the measure used to define the EU target population, referred to as 'at risk of poverty or social exclusion'.

¹ The cooperation of the CSO in producing the Social Inclusion Monitor is greatly appreciated. The figures presented for 2010 are based on the revised 2010 results (CSO, 2013. *Survey on Income and Living Conditions 2011 and revised 2010 results*. Dublin: CSO). Therefore, the headline target and some baseline figures have been modified.

² For information on high level goals and actions implemented to support the national social target for poverty reduction refer to the Social Inclusion Report incorporating Annual Reports for 2011 and 2012 (www.welfare.ie) and the National Reform Programme for Ireland Update under the Europe 2020 Strategy published by Department of An Taoiseach (www.taoiseach.gov.ie).

Table 1.1 The national social target for poverty reduction

National social target for poverty reduction	
Headline target	To reduce consistent poverty to 4 per cent by 2016 (interim target) and to 2 per cent or less by 2020, from the 2010 baseline rate of 6.3 per cent
Sub-target for children	To reduce the extent of children in consistent poverty by narrowing the differential between children and adults (<i>specifics to be agreed</i>)
Sub-target for jobless households	To reduce the extent of jobless households in consistent poverty by reducing the proportion of such households in the general population (<i>specifics to be agreed</i>)
Europe 2020 target	To reduce by a minimum of 200,000 the target population in ‘combined poverty’ (either consistent poverty, at-risk-of-poverty or basic deprivation)

There are five supporting indicators which underpin progress towards the national target. Two of the indicators are already used to make-up consistent poverty: basic deprivation and at-risk-of-poverty. The other three indicators are relatively new in the Irish context:

- ‘vulnerable to consistent poverty’ is the overlap of the population between the 60 and 70 per cent at-risk-of-poverty thresholds and basic deprivation;
- at-risk-of-poverty before/after social transfers captures the impact of social transfers; and
- anchored at-risk-of-poverty uses a fixed income threshold to measure poverty.

Table 1.2 Supporting indicators for the national social target for poverty reduction

‘Vulnerable to consistent poverty’	The percentage of the population experiencing basic deprivation and with an income between 60 and 70 per cent of the median
Basic deprivation	The percentage of the population experiencing basic deprivation
At-risk-of-poverty	The percentage of the population with an equivalised disposable income below 60 per cent of the national equivalised median income
At-risk-of-poverty before/after social transfers	The percentage reduction, in absolute and relative terms, in the at-risk-of-poverty rate as a result of social transfers
Anchored at-risk-of-poverty	The percentage of the population with an income below the 60 per cent at-risk-of-poverty threshold anchored at 2010 values

In the final section, the Monitor reports on contextual indicators. These include a breakdown of the population using the consistent poverty indicator; along with specific indicators reflecting national and European policy concerns, such as income inequality, food poverty, financial exclusion and in-work poverty.

Each target and indicator is analysed individually in the Monitor, using a diagram to represent change since the baseline year of 2010, together with a short commentary. As the baseline year is generally 2010, only short-term trends can be presented based on 2011 data. Therefore, in order to put the data into a wider context, the diagrams also include data for 2005 as a stand-alone reference year. The year 2005 was chosen as it was the baseline year for the previous national poverty target.

1.1 Macro-economic and social context

This section provides an overview of the macro-economic and social context during the income reference period covered by SILC 2011 (January 2010 to December 2011). Table 1.3 summarises the macro-indicators for the period 2009 to 2011 and also for the reference year of 2005. Economic activity as measured by Gross National Product (GNP) grew by less than 1 per cent in 2010 and decreased by 2.5 per cent in 2011, following an earlier fall of 8.1 per cent in 2009. Inflation, as measured by the consumer price index, was 2.6 per cent in 2011. This compares to inflation rates of -1.0 per cent for 2010 and -4.5 per cent for 2009.

Both the unemployment rate and the long-term unemployment rate grew during the period 2010 to 2011. The unemployment rate increased continuously from 12 per cent in 2009, to 13.8 per cent in 2010 to 14.6 per cent in 2011. The long-term unemployment rate more than doubled in the same period from 3.5 per cent in 2009 to 8.6 per cent in 2011. A related indicator, adults in jobless households, increased from 13 per cent in 2009 to 15.1 per cent in 2010, to 15.9 per cent in 2011.

Table 1.3 Macro-economic indicators

	2005	2009	2010	2011
Gross National Product	5.8%	-8.1%	0.9%	-2.5%
Inflation	2.5%	-4.5%	-1.0%	2.6%
Unemployment rate*	4.4%	12.0%	13.8%	14.6%
Long-term unemployment rate*	1.4%	3.5%	6.7%	8.6%
Adults (18-59) in jobless households*#	8.8%	13.0%	15.1%	15.9%

* Figures based on annual averages

Adults aged 18 to 59 living in households where no member of the household is working. Students aged 18 to 24 living in households composed solely of students are excluded

Table 1.4 provides an overview of social protection expenditure. In 2011, total social protection expenditure was €21 billion. While social protection expenditure remained broadly static between 2009 and 2011, it represented an increasing proportion of GNP, from 15.6 per cent in 2009 to 16.9 per cent in 2011.

Over 1.4 million people were in receipt of a weekly social welfare payment in 2011. Including the 197,700 qualified adults and over 583,425 qualified children, there were 2,248,200 beneficiaries of the social protection system in 2011, almost half the population. This represents an increase of more than 3 percentage points on the 2009 figure. This increase illustrates the key role played by the social protection system as an automatic stabiliser during the economic crisis and in underpinning economic demand.

Table 1.4 Welfare expenditure and beneficiaries³

	2005	2009	2010	2011
Total social welfare expenditure	€12.2bn	€20.5bn	€20.9bn	€21bn
Social welfare expenditure as percentage of GNP	9.0%	15.6%	16.3%	16.9%
No. of social welfare recipients	976,613	1,379,206	1,430,833	1,467,129
No. of qualified adults	119,223	175,037	190,043	197,730
No. of qualified and other children	373,270	522,013	558,552	583,425
Number of beneficiaries	1,469,106	2,076,256	2,179,428	2,248,284
Number of beneficiaries as % of population	35.5%	45.8%	47.8%	49.1%

³ Data for Tables 1.4 and 1.5 are taken from the Department of Social Protection's Statistical Information on Social Welfare Services available at www.welfare.ie. Recipients of Child Benefit are not included.

Table 1.5 shows the minimum social welfare rates and rates of child income support for the period 2009 to 2011. The minimum personal rate for people under 66 years of age was reduced by €8.30 between 2009 and 2010 and by a further €8 between 2010 and 2011. The minimum personal rate as a percentage of the at-risk-of-poverty threshold increased from 88 per cent to 90 per cent in the period.

The qualified adult rate also reduced in two stages from €135.60 in 2009 to €124.80 in 2011. There was an increase in the qualified child rate from €26 in 2009 to €29.80 in 2010, while it remained unchanged in 2011. During this period, child benefit reduced from €38.18 (weekly equivalent) in 2009 to €34.50 per week in 2010 and €32.20 in 2011. The Back to School Clothing and Footwear Allowance remained unchanged during the period. Overall, the combined value of child income support across the three strands for families on social welfare fell from €68 per week to €66 per week over the period 2009 to 2011. Nonetheless, this represented an increased proportion of the minimum personal rate, reaching 35 per cent in 2011, comfortably within the target range of 33 to 35 per cent as set out in the *National Action Plan for Social Inclusion 2007-2016*.

Table 1.5 Welfare rates (weekly equivalent)

	2005	2009	2010	2011
Minimum personal rate	€148.80	€204.30	€196.00	€188.00
Minimum personal rate as a % of at-risk-of-poverty threshold	77.2%	88.4%	91.7%	90.1%
Qualified adult rate	€98.70	€135.60	€130.10	€124.80
Qualified child rate	€16.80	€26.00	€29.80	€29.80
Back to School Clothing and Footwear Allowance	€1.53	€3.83	€3.83	€3.83
Child benefit (1st child)	€32.56	€38.18	€34.50	€32.20
Total child income support	€50.89	€68.01	€68.13	€65.83
Child income support as % of minimum personal rate⁴	34.2%	33.3%	34.8%	35.0%

⁴ Goal 4 of the National Action Plan for Social Inclusion 2007- 2016 is to maintain the combined value of child income support measures at 33 to 35 per cent of the minimum adult social welfare payment rate over the course of the Plan.

Section 2: Progress towards the national social target for poverty reduction

This section examines progress towards meeting the national social target for poverty reduction. It also illustrates progress on poverty among children and jobless households⁵, based on the consistent poverty indicator (see Box 1). These two groups were identified as meriting specific policy attention given their higher risk of consistent poverty and their importance in terms of overall social and economic policy.⁶ They also complement each other in that the majority of consistently poor children are in jobless households.⁷ The Government has agreed to set sub-targets for these groups after consultation with stakeholders.⁸

The Europe 2020 poverty target is to lift at least 20 million people out of the risk of poverty or social exclusion by 2020 (as measured by the combination of three EU indicators).⁹ All 27 EU Member States have set national targets to contribute to the Europe 2020 objective of reducing poverty or social exclusion. The Irish target of 200,000 people represents 1 per cent to the overall EU poverty target, in line with Ireland's share of the EU population.

⁵ Jobless households are where no adult works or where the adults in the household work less than 20 per cent of their total work potential during the past year. Research shows they experience extreme forms of both economic and social exclusion and are highly dependent on social transfers. The high risk of consistent poverty among jobless households has been attributed to structural problems due to the fact that jobless adults are less likely to live with working adults and more likely to live with children. (See. Watson, D., Maître, B. and Whelan, C.T. 2012. Work and Poverty in Ireland, 2004 – 2010. Dublin: Department of Social Protection and Economic and Social Research Institute)

⁶ Department of Social Protection. 2012. National Social Target for Poverty Reduction. www.socialinclusion.ie

⁷ The sub-target for the reduction of child poverty will be developed in the context of the forthcoming Children and Young People's Policy Framework, being developed by the Department of Children and Youth Affairs. The sub-target for jobless households is to be agreed in the context of the implementation of Pathways to Work, the Government policy on labour market activation.

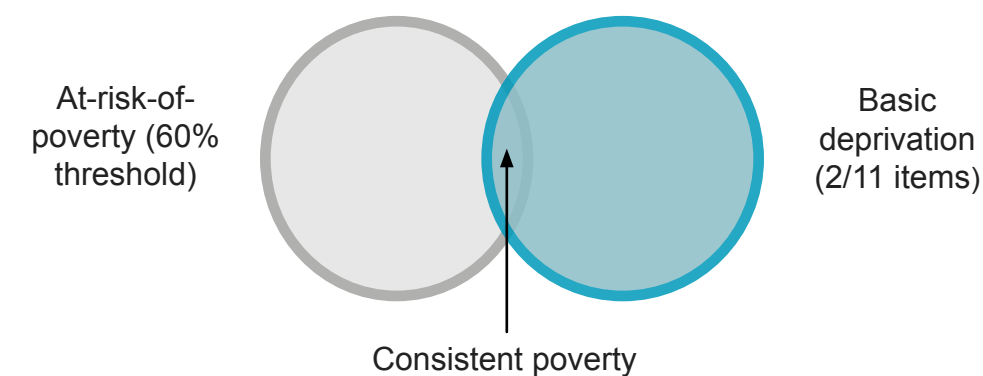
⁸ Watson, D., Maître, B. and Whelan, C.T. 2012. op. cit.

⁹ The Europe 2020 poverty target defines its target population using a combination of three indicators (at-risk-of-poverty, severe material deprivation and low work intensity), a group which is described as being at risk of poverty or social exclusion.

Box 1: Defining the target population

The target population for the national social target for poverty reduction is principally based on the consistent poverty indicator. This indicator is the overlap of two component indicators: (i) at-risk-of-poverty – which measures individuals whose household income is below 60 per cent of the median – and (ii) basic deprivation – which captures individuals lacking 2 or more of 11 basic necessities. A person is in consistent poverty if they are both income poor and deprived.

Irish indicators of poverty



Consistent poverty reflects a multi-dimensional understanding of poverty and is designed to identify the population which has the greatest needs in terms of both low income and lack of resources. Research in Ireland has also found that during recessionary times, the consistent poverty indicator is particularly effective in capturing perceived economic stress and risk factors associated with poverty.¹⁰

By contrast, Ireland's contribution to the Europe 2020 target is measured by the combination of the Irish indicators of consistent poverty, at-risk-of-poverty or basic deprivation. This is in line with the Europe 2020 methodology to combine multiple indicators, rather than focus on the overlap of the indicators as in the Irish approach.

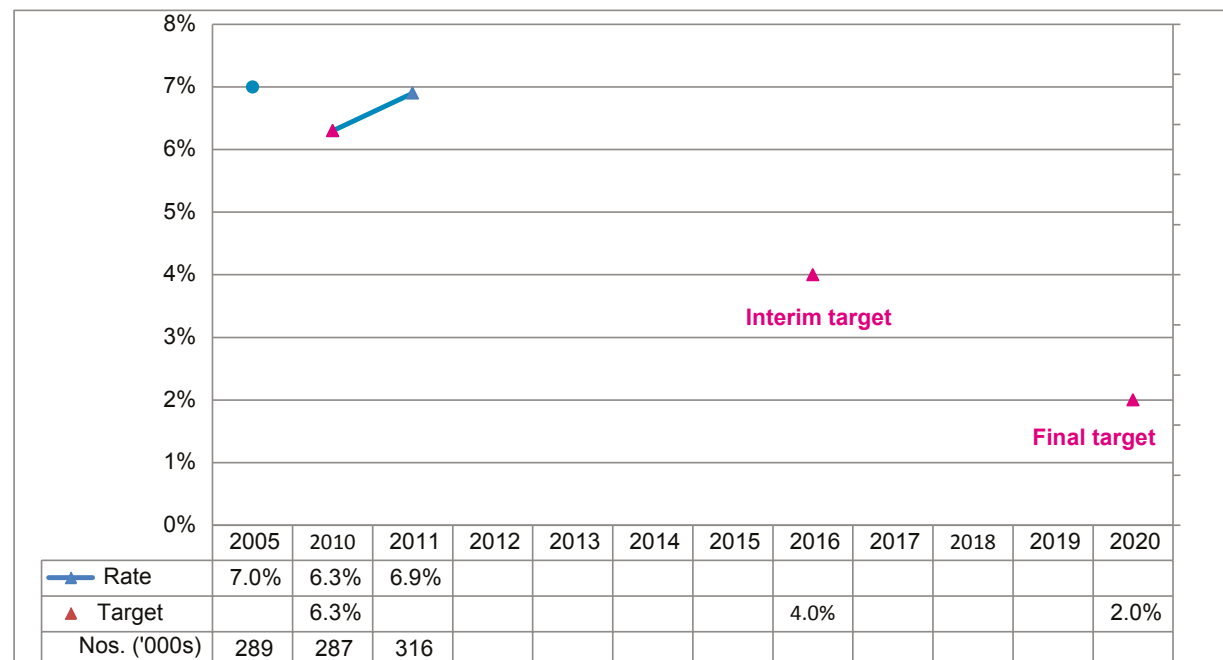
¹⁰ Watson, D. and Maître, B. 2012. Technical Paper on Poverty Indicators. Appendix C: Report of the Review of the National Poverty Target. www.socialinclusion.ie

Headline target:

to reduce consistent poverty to 4 per cent by 2016 and to 2 per cent or less by 2020, from the 2010 baseline rate of 6.3 per cent.

Figure 2.1 shows that the consistent poverty rate in 2011 was 6.9 per cent, which is not a statistically significant change on the 2010 figure of 6.3 per cent. While this implies little progress towards achieving the national social target for poverty reduction during the difficult economic period of 2011, 5 years remain until the 2016 target of 4 per cent and 9 years until the 2020 target of 2 per cent or less are to be met.

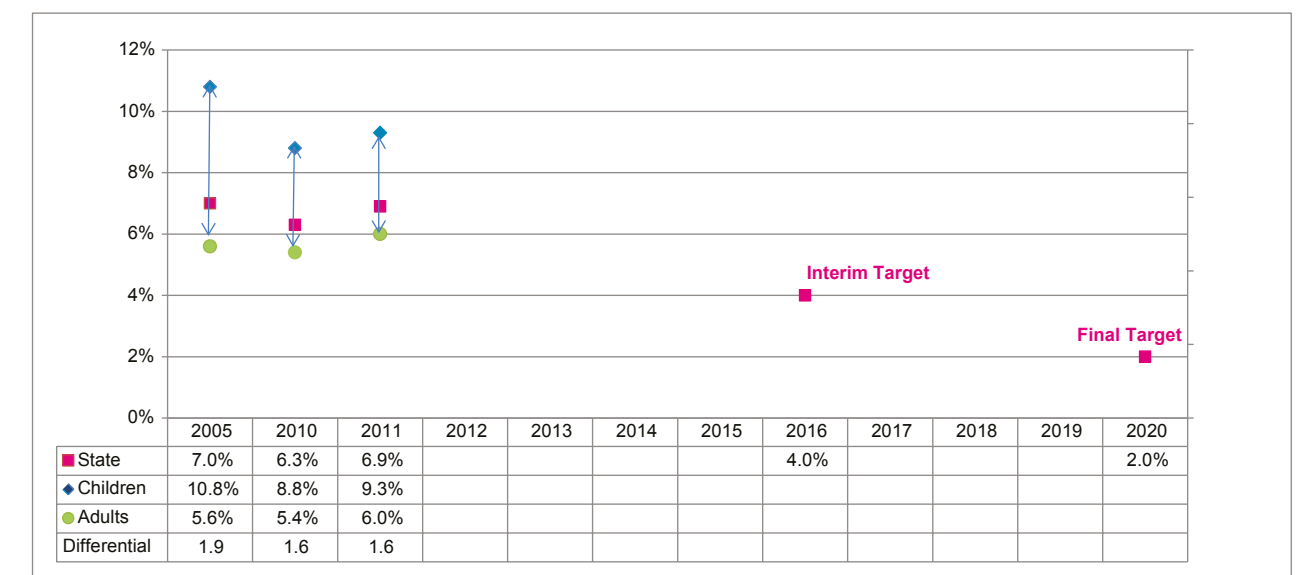
Figure 2.1 Progress towards the national social target for poverty reduction

**Child sub-target:**

to reduce the extent of children in consistent poverty by narrowing the differential between children and adults¹¹

In 2011, the consistent poverty rate for children was 9.3 per cent which was an increase of 0.5 percentage points from 8.8 per cent in 2010, although the change is not statistically significant (Figure 2.2). In 2011, children were 1.6 times more likely to be in consistent poverty compared to adults. The differential remained unchanged between 2010 and 2011.

Figure 2.2 Consistent poverty rates for children and adults



¹¹As the specifics of the sub-target are yet to be agreed, this sub-section reports on relevant trends.

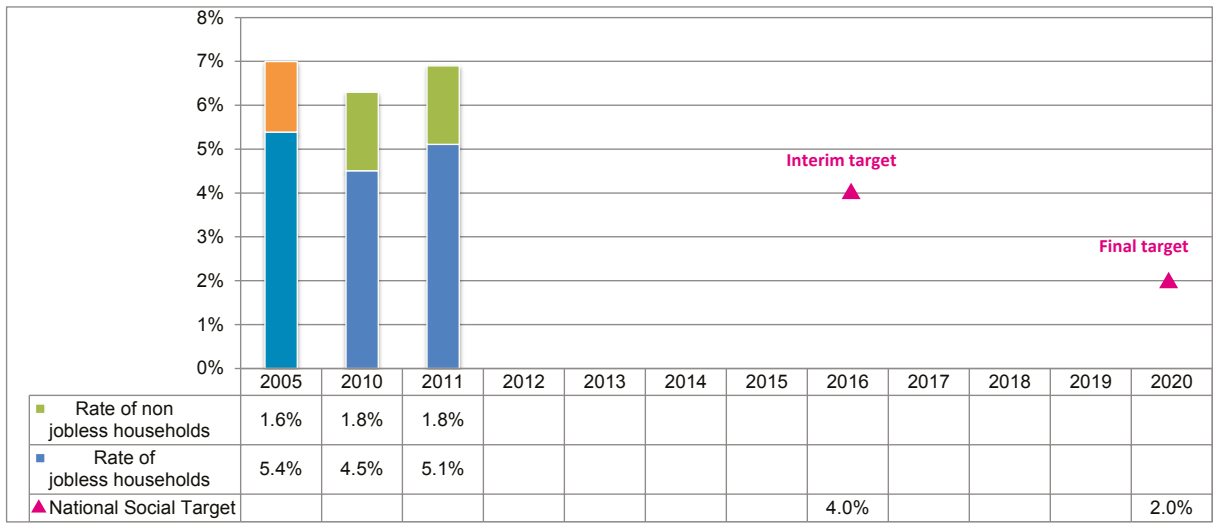
Jobless households sub-target:

to reduce the extent of jobless households in consistent poverty by reducing the proportion of such households in the general population¹²

Figure 2.3 breaks down the consistent poverty rate by jobless and non-jobless households. In 2011, of the 6.9 per cent of the population in consistent poverty, 5.1 per cent was accounted for by jobless households (74.1 per cent share) and less than 2 per cent by non-jobless households (26 per cent share). The 2011 figure for jobless households is an increase on 2010 when they accounted for 4.5 per cent of the consistent poverty rate (71.3 per cent share).

The large share of consistent poverty arising from jobless households reflects two factors: first, the much higher rate of consistent poverty for jobless households compared to non-jobless households (24.2 per cent vs. 2.7 per cent in 2011)¹³; and second, the increasing proportion of the general population in jobless households (24 per cent in 2011, up from 22 per cent in 2010).¹⁴

Figure 2.3 Consistent poverty rate broken down by jobless and non-jobless households



¹²As the specifics of the sub-target are yet to be agreed, this sub-section reports on relevant trends.

¹³ The comparable rates in 2010 were 23.3 per cent and 2.7 per cent.

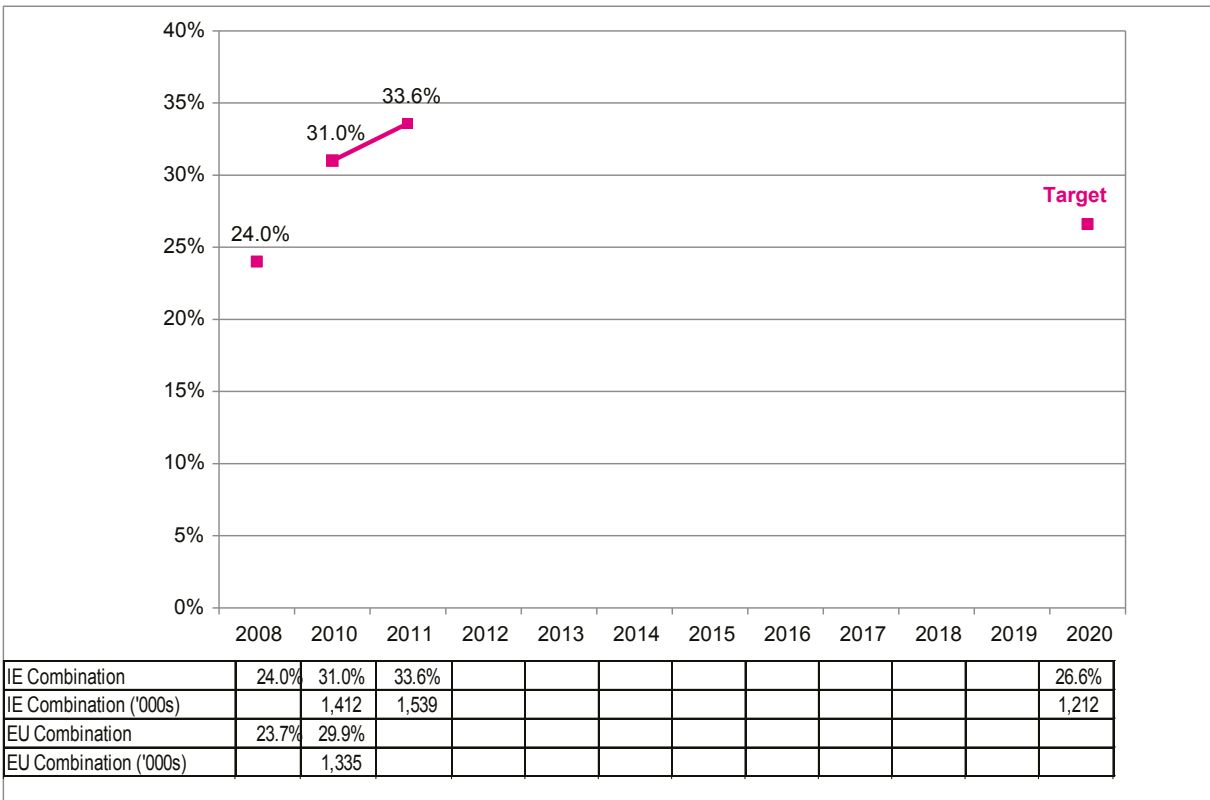
¹⁴ The proportion of the population in jobless households is included as a contextual indicator in Section 4 below. For a discussion of the determinants of this indicator, see Watson, D., Maître, B. and Whelan, C.T. 2012. op. cit.

Europe 2020 target:

to reduce by a minimum of 200,000 the population in 'combined poverty' (either consistent poverty, at-risk-of poverty or basic deprivation)

Figure 2.4 illustrates progress on the national contribution to the Europe 2020 target. In 2011, a third of the Irish population (33.6 per cent) were either in consistent poverty, at-risk-of-poverty or basic deprivation, up from 31 per cent in 2010. In terms of the numerical target, there was an increase of 127,000 in the target population between 2010 and 2011. Thus, in order to meet the Europe 2020 target, a reduction of 327,000 on the 2011 figure will have to be achieved by 2020.

Figure 2.4 Progress on national contribution to the Europe 2020 target¹⁵



In 2011, 119.6 million people, or 24.2 per cent of the population in the EU 27, were at risk of poverty or social exclusion, compared with 23.4 per cent in 2010. This constitutes an increase of nearly 4 million from 2010.

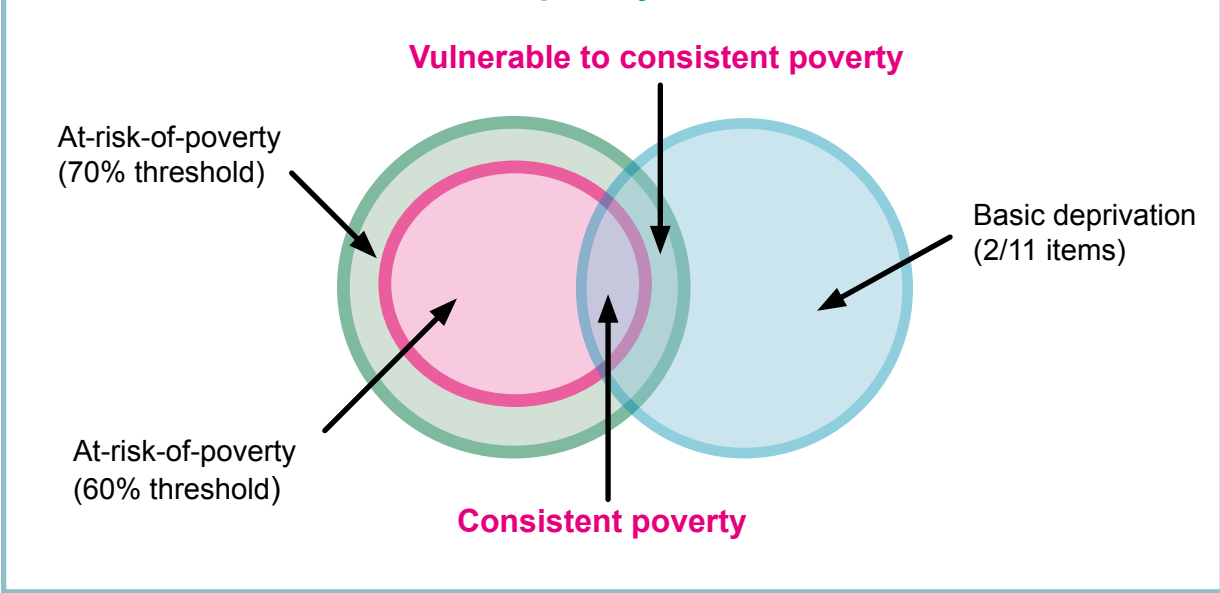
¹⁵ IE combination refers to the share of the population in consistent poverty, at-risk-of poverty or basic deprivation. EU combination refers to the share of the Irish population at-risk-of poverty, severe material deprivation or in a jobless household. Data on the comparable Europe 2020 target population are not available for 2011. For further information on the EU target population, see http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/People_at_risk_of_poverty_or_social_exclusion.

Section 3: Supporting indicators for monitoring progress towards the target

As outlined earlier, five additional indicators are used to support the monitoring of progress towards the national social target for poverty reduction. These supporting indicators capture important dimensions of poverty and social exclusion which underpin the national target. The first indicator is ‘vulnerable to consistent poverty’. This identifies the population experiencing basic deprivation and whose income is between 60 and 70 per cent of the median (see Box 2). This indicator is comparable to consistent poverty, except that the equivalised household income is slightly higher. It complements the consistent poverty indicator by taking into account basic deprivation just above the 60 per cent at-risk-of-poverty threshold.¹⁶

The second and third indicators are the individual components of consistent poverty: basic deprivation and at-risk-of-poverty.¹⁷ The final two indicators are the impact of social transfers on the at-risk-of-poverty rate¹⁸ and the at-risk-of-poverty rate anchored in 2010 values.¹⁹

Box 2: ‘Vulnerable to consistent poverty’ indicator



¹⁶ Watson, D., Maître, B. and Whelan, C.T. 2012. op. cit.

¹⁷ Basic deprivation is considered an effective measure as it has a strong link with risk factors for poverty and, during recessionary times, it captures changes sooner than other measures. The at-risk-of-poverty indicator has a number of drawbacks during periods of rapid economic expansion or contraction. For example, during an economic downturn when median income is falling, the decrease in the threshold could result in less people being at-risk-of-poverty, though their real income has not changed. There is also a delay in the measurement of income changes as the income reference period is the 12 months preceding the survey (Ibid).

¹⁸ Pensions are generally excluded as they are considered an intergenerational transfer rather than a social transfers. See Social Protection Committee. 2012. Social Europe: Current Challenges and the Way Forward: Annual Report of the Social Protection Committee (2012). Belgium: European Union.-

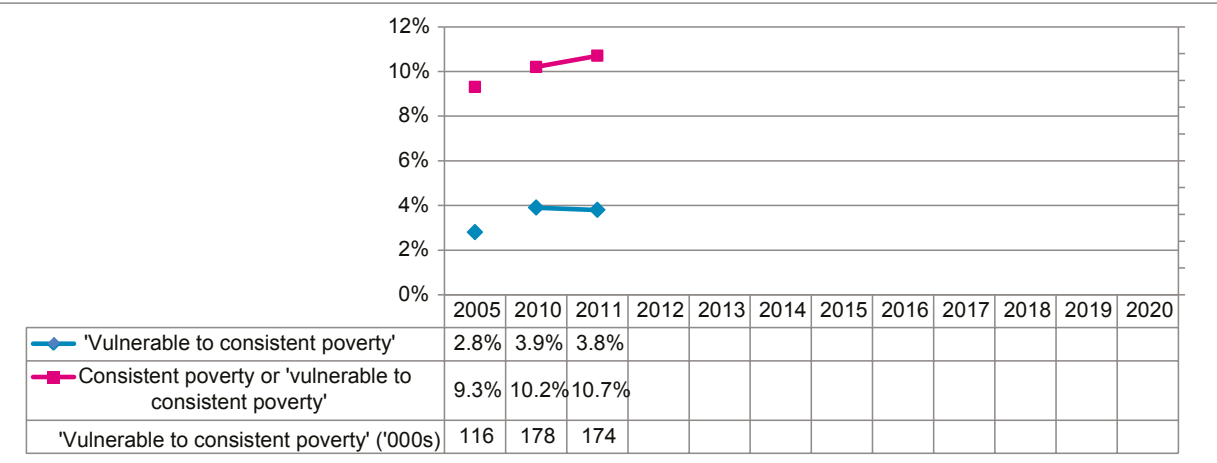
¹⁹ At-risk-of-poverty rate anchored in time reflects changes in fixed living circumstances, as distinct from changes in relative living standards. Therefore, it is a useful indicator at a time of economic uncertainty, as it measures changes in real incomes.

‘Vulnerable to consistent poverty’:

the percentage of the population experiencing basic deprivation and with an income between 60 and 70 per cent of the median

Figure 3.1 shows that the ‘vulnerable to consistent poverty’ indicator remained largely unchanged between 2010 (3.9 per cent) and 2011 (3.8 per cent). Almost 11 per cent of the population were either ‘vulnerable to consistent poverty’ or in consistent poverty, which is a slight increase from 10.2 per cent in 2010.

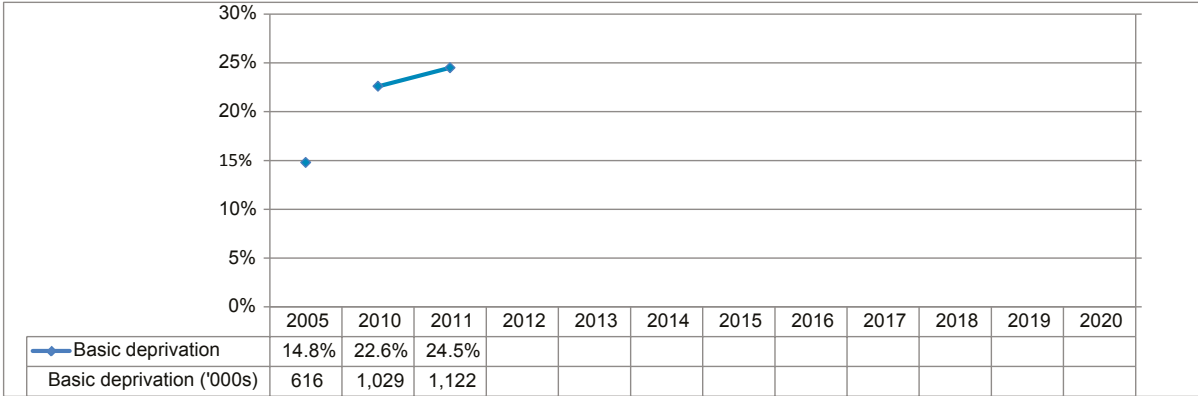
Figure 3.1 ‘Vulnerable to consistent poverty’



Basic deprivation:
the percentage of the population experiencing two or more forms of basic deprivation

Figure 3.2 shows that the basic deprivation rate in 2011 was 24.5 per cent, up from 22.6 per cent in 2010.²⁰ Of those who reported any form of basic deprivation, 15.7 per cent experienced deprivation of one item, 9.2 per cent experienced two items of deprivation, while 15.4 per cent experienced three or more deprivation items. The most frequently reported deprivation item was being unable to afford to replace worn out furniture (21.7 per cent), followed by being unable to afford a morning, afternoon or evening out in the last fortnight (21.1 per cent), while 14.8 per cent reported being unable to afford to have friends for a drink or meal once a month. A substantial proportion also reported going without heating at some stage in the last year (12.2 per cent).

Figure 3.2 Basic deprivation

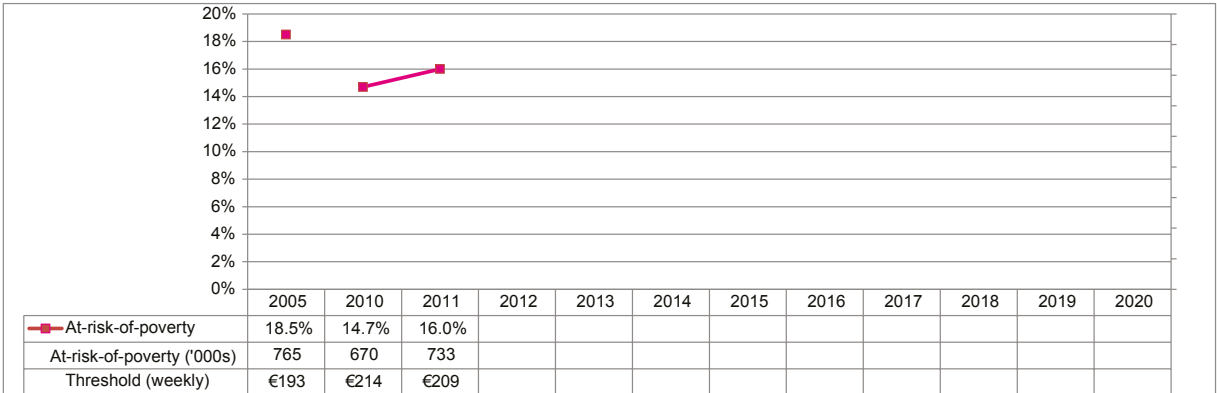


²⁰ Basic deprivation has increased significantly during the recession as consumption is affected in times of economic uncertainty when people cut back on spending in anticipation of (or in fear of) a further fall in income (see Watson, D. and Maître, B. 2012. op. cit).

At-risk-of-poverty:
The percentage of the population with an equivalised disposable income below 60 percent of the median income

Figure 3.3 reveals that the at-risk-of-poverty rate increased from 14.7 per cent in 2010 to 16 per cent in 2011. The at-risk-of-poverty threshold in 2011 was €209 per week for an individual or €485 for a family of four people (2 adults and 2 children). The threshold decreased since 2010 when it was €214 per week for an individual and €496 for a family of four.

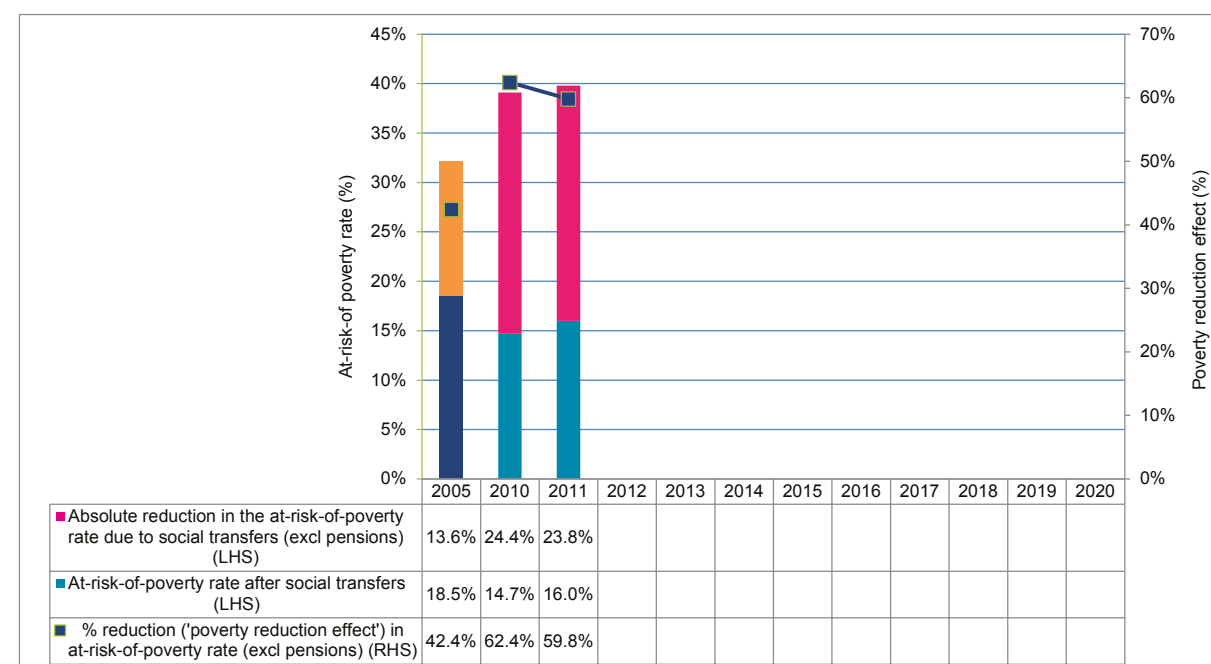
Figure 3.3 At-risk-of-poverty



The at-risk-of-poverty rate before and after social transfers:
the percentage reduction, in absolute and relative terms,
in the at-risk-of-poverty rate as a result of social transfers

Figure 3.4 illustrates that, in 2011, social transfers performed strongly in reducing the at-risk-of-poverty rate from 40 per cent before social transfers, excluding pensions, to 16 per cent after social transfers. Therefore, 23.8 per cent of the population was lifted out of poverty as a result of social transfers in 2011, which was similar to the reduction in 2010 (24.4 per cent).²¹ In relative terms²², this is a poverty reduction effect of 60 per cent. This was a small decrease from 62.4 per cent in 2010.²³ Nevertheless, Ireland's performance in reducing poverty is far in excess of the EU average of 35 per cent.

Figure 3.4 Impact of social transfers on the at-risk-of poverty rate



²¹ Basic deprivation has increased significantly during the recession as consumption is affected in times of economic uncertainty when people cut back on spending in anticipation of (or in fear of) a further fall in income (see Watson, D. and Maître, B. 2012. op. cit).

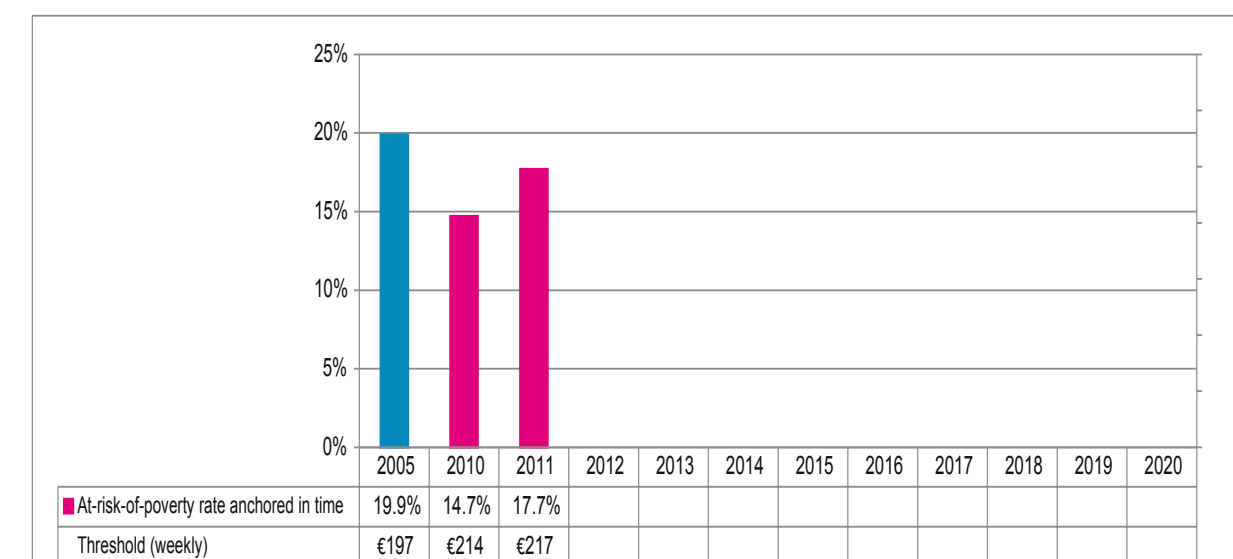
²² Relative poverty reduction (presented as a percentage change) measures the reduction in poverty relative to the level of poverty before social transfers.

²³ If pensions are included, the poverty reduction effect is even greater. In 2011 the poverty reduction effect was 68.4 per cent including pensions, which was a slight decrease from 70.7 per cent in 2010.

Anchored at-risk-of-poverty:
the percentage of the population with an equalivalised disposable income
below 60 per cent of the at-risk-of-poverty threshold anchored in 2010 values

Figure 3.5 shows that in 2011, the at-risk-of-poverty rate anchored in 2010 values was 17.7 per cent. This was an increase of 3 percentage points on 2010. Also, the anchored at-risk-of-poverty rate in 2011 (17.7 per cent) was higher than the relative at-risk-of-poverty rate (16 per cent). In 2011 the anchored at-risk-of-poverty threshold was €217 per week for an individual, as compared to the relative at-risk-of-poverty threshold of €209 per week (see Figure 3.3).

Figure 3.5 At-risk-of-poverty rate anchored in 2010 values



Section 4: Contextual indicators

The final section of the report monitors trends in contextual indicators relating to poverty and social inclusion. The first part presents the consistent poverty indicator disaggregated by social group while the second describes a broader range of social inclusion indicators which relate to specific social policy issues.

4.1 Disaggregation of consistent poverty by social group

Table 4.1 shows that a number of groups continue to be disproportionately affected by consistent poverty. These include jobless households (24.2 per cent), those living in social housing (21.5 per cent), the unemployed (16.5 per cent) and lone parent households (16.4 per cent). Two of these groups experienced further disimprovements in their living standards in 2011: social housing tenants and lone parent households. Consistent poverty rates are much lower for those in employment, older people, and people living in owner occupier housing (3.8 per cent).

Table 4.1 Consistent poverty disaggregated by social group²⁴

	2005	2010	2011
National Rate	7.0	6.3	6.9
Gender			
Male	6.8	5.8	6.9
Female	7.2	6.8	6.9
Lifecycle			
Children (0-17 years)	10.8	8.8	9.3
Working age (18-64 years)	6.7	6.2	6.8
Older people (65+)	3.1	0.9	1.9
People with a disability ²⁵	14.1	7.3	6.9
Vulnerable groups			
Unemployed	23.7	16	16.5
Social housing	21.7	17.3	21.5
Lone parent households	26.9	13.6	16.4
Jobless households	39	23.3	24.2

²⁴ The SILC dataset will not facilitate disaggregation for all of the nine groups of equality. Those excluded are civil status, sexual orientation, religion, race and membership of the Traveller community.

²⁵ The SILC does not include a question on 'disability'. Therefore a proxy measure is used for people who respond that they have been 'strongly limited', in the last six months because of a health problem in activities people usually do

4.2 Social inclusion indicators

Table 4.2 shows average disposable income declined by 3 per cent from €424 per week in 2010 to €411 in 2011. Income inequality remained largely unchanged between 2010 and 2011 based on the Gini coefficient (31 per cent) and the income quintile share ratio (4.9). On a comparative basis, the level of income inequality in Ireland is slightly lower than the EU average.²⁶

The depth of poverty (measured by the relative at-risk-of-poverty gap, see Glossary for details on how this measure is calculated) increased by 1.9 percentage points between 2010 and 2011, from 17.7 per cent to 19.6 per cent. The percentage of jobless households increased from 21.6 per cent in 2010 to 24 per cent in 2011. In-work poverty increased from 5.7 per cent in 2010 to 6.5 per cent in 2011.

Food poverty and financial exclusion have emerged as the focus of social policy discussions in recent years. Food poverty (as measured by one of three food deprivation items) was experienced by 10 per cent of the population in 2011, similar to 2010. Seventeen per cent of households were in financial exclusion (did not have access to a bank current account) in 2011, also unchanged on 2010.

Table 4.2 Social inclusion indicators*

	2005	2010	2011
Equivalised disposable income (weekly)	€379	€424	€411
S80/S20 quintile share ratio	5.1	4.9	4.9
Gini coefficient	32.4%	31.6%	31.1%
Relative at-risk-of-poverty gap	20.6%	17.7%	19.6%
Jobless Households	15%	21.6%	24%
In-work poverty rate	7%	5.7%	6.5%
Food poverty	8%	10%	10%
Financial exclusion	n/a	17%	17%

* Definitions provided in the Glossary in Appendix 2

²⁶ <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

Appendix 1

Technical Note on Survey on Income and Living Conditions

The *Survey on Income and Living Conditions* (SILC) is an annual survey carried out by the Central Statistics Office (CSO) of a representative sample of more than 4,000 households or 11,000 individuals in Ireland. The survey collects information on the income and living conditions of different households in Ireland, in order to derive indicators on poverty, deprivation and social exclusion. It is carried out in every EU country under EU legislation and commenced in Ireland in June 2003.

Revision of SILC 2010 results

The CSO amended the 2010 results following extensive investigation of anomalies in the data. In 2010, changes had been made to the processing of the data which resulted in an incorrect treatment in some cases of tax, income and pension contributions (in particular the income levy²⁷). These changes mainly affected people at the higher end of the distribution. In addition, a group of people had been incorrectly recorded as having no income.

²⁷ The income levy, which came into effect on 1 January 2009, is a levy payable on gross income, including notional pay, before any relief for any capital allowances, losses or pension contributions.

Appendix 2

Glossary

At-risk-of-poverty is the percentage of the population with an equivalised disposable income below 60 per cent of the national equivalised median income.

At-risk-of-poverty rate anchored in time is the percentage of the population below the 60 per cent at-risk-of-poverty threshold anchored at a moment in time and adjusted for inflation.

At-risk-of-poverty rate after social transfers is the percentage of the population with an equivalised income of less than 60 per cent of the median income once all social transfers have been included.

Basic deprivation is an Irish indicator that captures individuals lacking 2 or more 11 basic necessities, due to a lack of income. This is enforced deprivation as distinct from the personal choice not to have the items. The 11 items used to construct the deprivation index are:

- unable to afford two pairs of strong shoes
- unable to afford a warm waterproof overcoat
- unable to afford new (not second-hand) clothes
- unable to afford a meal with meat, chicken or fish (vegetarian equivalent) every second day
- unable to afford a roast joint or its equivalent once a week
- without heating at some stage in the last year through lack of money
- unable to afford to keep the home adequately warm
- unable to afford to buy presents for family or friends at least once a year
- unable to afford to replace any worn out furniture
- unable to afford to have family or friends for a drink or meal once a month
- unable to afford a morning, afternoon or evening out in the last fortnight for entertainment.

Consistent poverty measures individuals who are both at-risk-of-poverty and experiencing basic deprivation.

Difference between Irish and EU 'combined poverty' measures Both Ireland and the EU use a 'combined poverty' measure for the Europe 2020 poverty target. The Irish measure is based on a combination of 3 indicators – consistent poverty, at-risk-of-poverty or basic deprivation. The EU measure is based on a combination of 3 somewhat different indicators - at-risk-of-poverty, severe material deprivation and low work intensity. The exclusion of low work intensity from the Irish measure is not the only difference.

The at-risk-of-poverty measure generates different results at EU and national levels as a result of differences in the definition of gross income. The EU definition does not include income from private pensions or the value of goods produced for own consumption. Also employers' social insurance contributions are included in the national definition of gross income but are excluded from the EU definition.

The EU also uses an alternative equivalence scale (the OECD scale) to that used for national indicators in Ireland (see below). The OECD attributes a weight of 1 to the first adult, 0.5 to each subsequent adult and 0.3 to each child. The effect of these differences has generally been that a higher risk-of-poverty rate is recorded using EU definitions rather than national definitions.

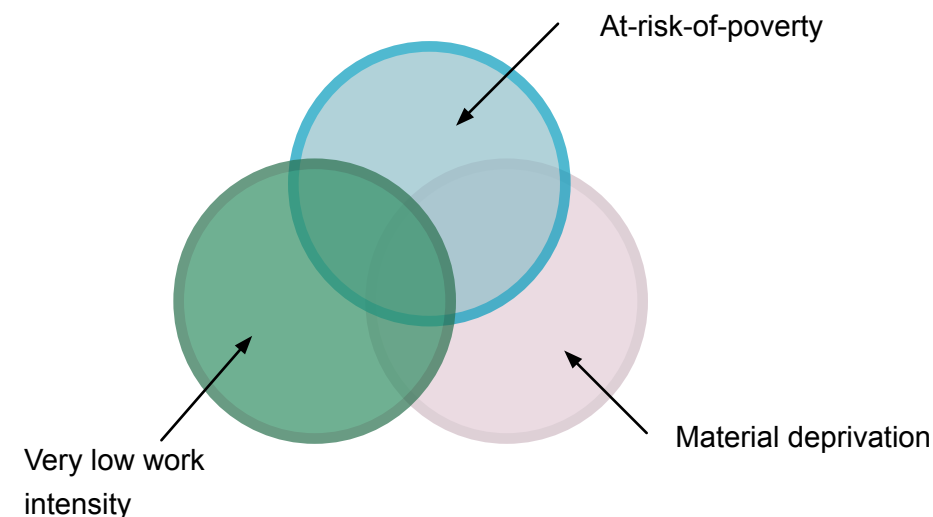
In relation to deprivation, the Irish approach identifies those who are experiencing 'basic deprivation' (lacking 2 out of 11 items). The EU approach involves identifying those who are experiencing 'severe material deprivation' (lacking 4 or more of 9 items), which is a much stricter criterion than the Irish one. The Irish measure identifies a slightly higher proportion of the population as deprived and has been found to have a higher reliability in the Irish context.²⁸

Disposable income Tax and social insurance contributions are summed to household level and subtracted from the gross household income to calculate the *total disposable household income*.

Equivalised income is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, which is then attributed to each household member.

Equivalence scales are used to calculate the *equivalised household size* in a household. The national scale attributes a weight of 1 to the first adult, 0.66 to each subsequent adult (aged 14+ living in the household) and 0.33 to each child aged less than 14.

Europe 2020 poverty target defines its target population using a combination of three indicators (at-risk-of-poverty, severe material deprivation and low work intensity), a group which is described as being at risk of poverty or social exclusion. see below



²⁸ For a detailed discussion of the Irish and EU measures of deprivation refer to Chapter 4 (pages 36-56) of Watson, D. and Maître, B. 2012. Technical Paper on Poverty Indicators. Appendix C: Report of the Review of the National Poverty Target. www.socialinclusion.ie.

Financial exclusion refers to a process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong. It is measured by the percentage of individuals/households with no current account.

Food poverty is the inability to have an adequate and nutritious diet due to issues of affordability or accessibility. It is measured by the percentage of individuals experiencing one or more of the following:

- Unable to afford a meal with meat, or vegetarian equivalent, every second day;
- Unable to afford a weekly roast dinner (or vegetarian equivalent);
- Missing one substantial meal in the last fortnight due to lack of money

Fuel poverty is the inability to afford adequate warmth in a home.

Gini coefficient is the relationship between cumulative shares of the population arranged according to the level of income and the cumulative share of total income received by them. If there was perfect equality (i.e. each person receives the same income) the Gini coefficient would be 0%. A Gini coefficient of 100% would indicate there was total inequality and the entire national income was in the hands of one person.

GNP stands for Gross National Product and is an estimated value of the total worth of production and services, by citizens of a country, on its land or on foreign land, calculated over the course of one year.

Jobless households refers to the population aged 0 - 59 in households with very low work intensity. Very low work intensity refers to people aged 0 to 59 living in households where working-age adults (aged 18 to 59) have worked less than 20 per cent of their total work-time potential during the previous 12 months. Students aged 18 to 24 years are excluded.

Inflation is measured using the Consumer Price Index which is designed to measure the change in the average level of prices (inclusive of all indirect taxes) paid for consumer goods and services by all private and institutional households in the country and by foreign tourists holidaying in Ireland.

In-work poverty is a measure that captures being at work and, at the same time, being in a household 'at-risk-of-poverty'.

Long-term unemployment rate measures the long-term unemployed population (≥ 12 months' unemployment; ILO definition) as a proportion of total active population.

Median income is calculated by ranking the population by equivalised income from smallest to largest and the median or middle value is extracted. This is considered a more appropriate measure than mean income which can be skewed by extreme values.

Poverty reduction effect of social transfers measures the effectiveness of social protection spending in reducing poverty. This is done by measuring the at-risk-of-poverty rate before and after social transfers.

Relative at-risk-of-poverty gap is the difference between the median equivalised income of persons below the at-risk-of-poverty threshold and the at-risk-of-poverty threshold expressed as a percentage of the at-risk-of-poverty threshold (60 per cent of median equivalised income). This indicator is used to estimate the *depth of poverty*. In policy terms, it indicates the scale of transfers which would be necessary to bring the incomes of those concerned up to the poverty threshold.

S80/S20 quintile share ratio: Inequality of income distribution is the ratio of total equivalised income received by the 20 per cent of persons with the highest income (top quintile) to that received by the 20 per cent of persons with the lowest income (lowest quintile).

Severe material deprivation is an EU indicator of the share of the population living in households lacking at least 4 items out of the following 9 items:

- to pay rent or utility bills
- keep home adequately warm
- face unexpected expenses
- eat meat, fish, or a protein equivalent every second day
- a week holiday away from home, or could not afford (even if wanted to)
- a car
- a washing machine
- a colour TV
- a telephone

Social transfers include unemployment, state and occupational pensions, child/family related allowances, housing allowances and other social transfers such as survivors, sickness or disability benefits.

Unemployment rate measures the unemployed population as a proportion of total active population aged 15 years or more.

‘Vulnerable to consistent poverty’ identifies the population experiencing basic deprivation and whose income is between 60 and 70 per cent of the median.

Work intensity of households refers to the ratio between the number of months that all working-age household members worked during the previous year and the total number of months that could theoretically have been worked by the household members. A working-age person is defined as a person aged 18 to 59, excluding students aged between 18 and 24. The work intensity of the working-age members is applied to all children and students living in the household, excluding those aged 60+ years. Work intensity is broken into five categories: very low work intensity (< 20 per cent of total time is worked), low work intensity (20 to 45 per cent), medium work intensity (45 to 55 per cent), high work intensity (55 to 85 per cent) and very high work intensity (> 85 per cent).



published by

Department of Social Protection
Arás Mhic Dhiarmada
Store Street
Dublin 1
Ireland

ISBN: 978-1-908109-17-0
Dublin, Ireland, March 2013