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Social Inclusion

- Average net disposable household income increased from €47,988 in 2007 to €49,043 in 2008, a 2.2% change.
- In 2008, 14.4% of the population were at risk of poverty, a decrease of 2.1% from 2007.
- One quarter of individuals reported they had experienced one or more forms of enforced deprivation in 2008.
- The percentage of people in consistent poverty in 2008 was 4.2%, a 0.9% drop from the rate of 5.1% recorded in 2007.
- In 2007, the average at risk of poverty rate for the EU was 16%, with Latvia reporting the highest rate at 21% and Ireland reporting a rate above the EU average at 18%.

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Introduction

The Survey on Income and Living Conditions (SILC) in Ireland is a household survey covering a broad range of issues in relation to income and living conditions. It is the official source of data on household and individual income and also provides a number of key national poverty indicators, such as the at risk of poverty rate and the consistent poverty rate. SILC was conducted by the CSO for the first time in 2003. This chapter presents the results of the 2008 survey along with comparative information for previous years. The survey is also carried out in other EU member states allowing comparable statistics to be compiled on a pan-European basis.

Income

Average net disposable household income increased from €47,988 annually in 2007 to €49,043 in 2008, representing a 2.2% increase year on year. However, the level of disposable income varied across household types as did the rate of increase in income.

Average annual equivalised disposable income increased by 3.3% from €23,610 in 2007 to €24,380 in 2008. Persons in lone parent households and persons aged 65 and over living alone reported the lowest levels of equivalised income (€17,908 and €17,858 respectively). This compared with €30,460 for people living in households where two people aged under 65 with no children lived.

At risk of poverty

The at risk of poverty rate identifies the proportion of individuals who are considered to be in danger of poverty based on the level of their income and taking into account their household composition. It is calculated as the percentage of persons with an equivalised disposable income of less than 60% of the national median income. The median equivalised disposable income in 2008 was €20,785 while the 60% threshold was €12,455. Therefore persons with an equivalised disposable income of less than €12,455 in 2008 were considered to be at risk of poverty. The threshold had increased by 4.8% since 2007 when the at risk of poverty threshold had been €11,890.

In 2008, 14.4% of the population were at risk of poverty, a decrease of 2.1% from 2007. Children remained the most at risk age group in 2008 with an at risk of poverty rate of 18%, a decrease of 1.9% from 2007. By principal economic status the greatest fall in the at risk of poverty rate was recorded for persons who were unemployed (falling from 38.7% in 2007 to 23.0% in 2008). By comparison the at risk of poverty rate for people at work was unchanged at 6.7%. Lone parent households continued to be the household type with highest at risk of poverty rates with an at risk of poverty rate of 36.4% being recorded for individuals in these households.

Deprivation

Enforced deprivation refers to the inability to afford basic identified goods or services and is reported at the household and not the individual level, but it is assumed that each person in a household where a form of deprivation was reported experienced that form of deprivation.

Three quarters (75.1%) of individuals had experienced none of eleven forms of enforced deprivation in 2008. Lone parent households reported the highest levels of deprivation with 55% of individuals from these households experiencing one or more items of deprivation compared with almost 25% at State level. Nearly one quarter (24.2%) of individuals in lone parent households experienced three or more of the forms of deprivation. The most commonly reported of the eleven deprivation indicators continued to be the inability to afford to replace worn out furniture, at 13.3%.

Consistent poverty

An individual is defined as being in 'consistent poverty' if they are: identified as being at risk of poverty at the 60% of median income threshold and living in a household experiencing enforced deprivation for at least two of the eleven basic deprivation items.

The percentage of people in consistent poverty in 2008 was 4.2%, a 0.9% drop from the rate of 5.1% recorded in 2007. The consistent poverty rate for unemployed persons was 9.7% 2008 down from 17.5% in 2007, a decrease of almost half. This compares with a consistent poverty rate of 1.1% where the individual was at work or retired. Children (aged 0-17) remained the most exposed age group despite a small fall in the consistent poverty rate from 7.4% in 2007 to 6.3% in 2008. This compares with a consistent poverty rate of 1.7% among persons aged 65-74 and just 1.0% among persons aged 75 or over.

EU comparison and indicators

The EU definition of gross income differs from the national definition of income in that it does not include income from private pensions or the value of goods produced for own consumption. Employer's social insurance contributions are included in the national definition of gross income but excluded from the EU definition.

In 2007, the average at risk of poverty rate for the EU was 16%, with Latvia reporting the highest rate at 21% followed by Italy, Greece and Spain (all 20%). The Netherlands and the Czech Republic recorded the lowest at risk of poverty rates in the EU in 2007 at 10% followed by the Slovak Republic and Sweden (both 11%). Ireland had an at risk of poverty rate of 18% which was two percentage points above the EU-25 average and ranked 9th highest in the EU-25 with Portugal in 2007.

Technical Notes

Household income

Income details are collected at both a household and individual level. Individual income is summed up to household level and added to household level income components to calculate gross household income. Tax and social insurance contributions are also summed to household level and subtracted from the gross household income to calculate the total disposable household income.

Equivalised income

The equivalised household size is calculated based on the age composition of the household. The disposable household income is divided by the equivalised household size to calculate the equivalised income for each individual. This is an approximate measure of how much of the income can be attributed to each member of the household. This equivalised income is then applied to each member of the household.

At risk of poverty rate

This is the share of persons with an equivalised income below a given percentage (usually 60%) of the national median income. The rate is calculated by ranking persons by their equivalised income from smallest to largest and the median or middle value is extracted. Anyone with an equivalised income of less than 60% of the median is considered at risk of poverty at a 60% level.

Consistent poverty

An individual is defined as being in consistent poverty if they are identified as being at risk of poverty and living in a household deprived of one or more of eight basic deprivation indicators.

Gini coefficient

This 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 (ie 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.

Inequality of income distribution (S80/S20 quintile share ratio):

This is the ratio of total equivalised income received by the 20% of persons with the highest income (top quintile) to that received by the 20% of persons with the lowest income (lowest quintile).

Table 3.1 Individual income and poverty rates by demographic characteristics

Persons

	Average annual equivalised disposable income		% change in average annual equivalised disposable income	At risk of poverty rate		Consistent poverty rate	
	2007	2008		2007	2008	2007	2008
	€	€	%	%	%	%	%
Sex							
Male	24,046	24,640	+ 2.5	16.0	14.0	5.0	4.0
Female	23,173	24,121	+ 4.1	17.0	14.9	5.2	4.5
Age group							
0 to 17	22,085	22,798	+ 3.2	19.9	18.0	7.4	6.3
18 to 64	25,192	25,751	+ 2.2	15.0	13.5	4.7	3.9
65 to 74	19,449	21,375	+ 9.9	16.9	12.1	2.1	1.7
75 and over	17,091	18,866	+ 10.4	16.3	9.9	1.9	1.0
Principal Economic Status (aged 16 years and over)							
At work	28,504	29,240	+ 2.6	6.7	6.7	1.3	1.1
Unemployed	15,882	18,692	+ 17.7	38.7	23.0	17.5	9.7
Student	20,286	21,415	+ 5.6	25.2	23.4	7.6	4.3
Home duties	18,369	19,218	+ 4.6	25.3	21.7	6.6	6.9
Retired	19,944	22,400	+ 12.3	17.6	10.8	2.1	1.1
Not at work due to illness or disability	15,065	15,966	+ 6.0	37.0	25.5	15.8	13.2
Highest education level attained (aged 16 years and over)							
Primary or below	16,507	17,565	+ 6.4	27.1	22.3	8.5	8.0
Lower secondary	19,766	20,577	+ 4.1	20.9	16.7	6.1	4.9
Higher secondary	23,487	24,424	+ 4.0	14.1	12.6	3.8	2.5
Post leaving certificate	23,943	23,457	- 2.0	10.4	10.7	2.4	1.7
Third level non degree	28,295	30,367	+ 7.3	8.0	4.9	1.0	0.8
Third level degree or above	37,612	37,262	- 0.9	3.9	5.5	0.9	0.3
Household composition							
1 adult aged 65 or over, no children	16,205	17,858	+ 10.2	24.3	11.0	4.1	0.9
1 adult aged under 65, no children	25,769	26,533	+ 3.0	29.6	25.7	12.5	9.8
2 adults, at least 1 aged 65 or over, no children	19,466	21,690	+ 11.4	11.5	10.0	1.0	1.7
2 adults, both aged under 65, no children	30,001	30,460	+ 1.5	15.0	14.2	3.4	4.8
3 or more adults, no children	26,862	26,526	- 1.2	10.1	8.7	3.5	0.5
1 adult with children	14,678	17,908	+ 22.0	37.6	36.4	20.1	17.8
2 adults with 1 to 3 children	24,689	25,438	+ 3.0	13.7	11.0	2.6	3.0
Other households with children	21,891	22,443	+ 2.5	16.5	16.0	6.0	4.1
Number of persons at work							
0	13,978	15,881	+ 13.6	44.1	32.7	16.3	13.2
1	22,202	23,365	+ 5.2	15.0	15.7	4.0	3.1
2	29,154	29,439	+ 1.0	6.0	5.1	1.3	0.9
3 or more	27,452	28,112	+ 2.4	3.6	4.2	0.0	0.0
Tenure status							
Owner-occupied	25,485	26,164	+ 2.7	11.4	11.4	2.5	2.3
Rented at the market rate	19,896	21,547	+ 8.3	24.2	17.7	5.7	2.9
Rented at below the market rate or rent free	14,943	16,016	+ 7.2	41.9	29.6	20.7	16.4
Urban/rural location							
Urban areas	25,203	25,928	+ 2.9	15.1	11.9	5.7	4.2
Rural areas	20,890	21,785	+ 4.3	18.9	18.7	4.3	4.3
Region							
Border, Midland and Western	18,950	20,312	+ 7.2	22.6	18.3	6.7	5.2
Southern and Eastern	25,336	25,899	+ 2.2	14.3	13.0	4.6	3.8
Total	23,610	24,380	+ 3.3	16.5	14.4	5.1	4.2

Source: CSO

Table 3.2 Key national indicators of poverty and social exclusion

%

	2005	2006	2007	2008
National/NAPS Indicators using alternative national scale				
At risk of poverty rate				
Equivalised total disposable income:				
Including all social transfers (60% threshold)	18.5	17.0	16.5	14.4
Including old-age and survivors' benefits but excluding all other social transfers (60% threshold)	32.1	32.2	33.1	34.6
Excluding all social transfers (60% threshold)	40.1	40.3	41.0	43.0
Including all social transfers (40% threshold)	4.7	3.4	3.6	3.3
Including all social transfers (50% threshold)	10.8	8.9	8.6	7.9
Including all social transfers (70% threshold)	28.2	26.7	26.8	25.7
Relative at risk of poverty gap	20.8	17.5	17.4	19.2
Gini coefficient	32.4	32.4	31.7	30.7
Income distribution (income quintile share ratio)	4.9	5.0	4.9	4.6
Anchored at 2005	18.5	16.3	11.9	10.8

Source: CSO

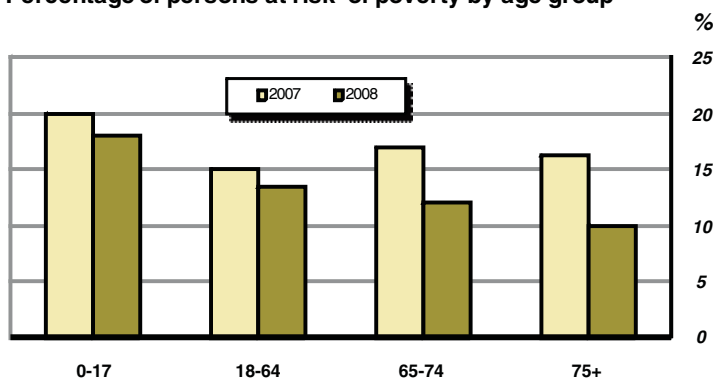
Percentage of persons at risk of poverty by age group

Table 3.3 The number of deprivation indicators reported*% of individuals*

Number of deprivation indicators experienced	2006	2007	2008
0	74.8	75.6	75.1
1	11.4	12.6	11.1
2	4.7	4.0	4.9
3 or more	9.1	7.8	8.9
Total	100.0	100.0	100.0

*Source: CSO***Table 3.4 The number of deprivation indicators reported classified by persons at risk of poverty***% of individuals*

Number of deprivation indicators experienced	2006	2007	2008
0	44.0	49.7	53.5
1	17.8	19.2	17.2
2	11.1	8.3	12.2
3 or more	27.0	22.8	17.2
Total	100.0	100.0	100.0

Source: CSO

Table 3.5 Profile of the population at risk of poverty and in consistent poverty by demographic characteristics of the head of household, 2008*% of households*

	Population	At risk of poverty		Consistent poverty	
	<i>Composition</i>	<i>Rate</i>	<i>Composition</i>	<i>Rate</i>	<i>Composition</i>
Sex					
Male	63.8	13.1	58.1	3.1	46.5
Female	36.2	16.7	41.9	6.2	53.5
Age					
18 to 64	86.0	14.9	88.9	4.7	94.9
65 to 74	7.8	13.9	7.6	2.2	4.1
75 and over	6.1	8.4	3.6	0.7	1.0
Principal economic status					
At work	63.4	9.0	39.6	1.3	20.0
Unemployed	5.8	28.3	11.5	12.1	16.8
Student	1.3	46.1	4.1	6.0	1.8
Home duties	14.1	26.3	25.7	12.0	40.1
Retired	9.7	11.7	7.9	1.1	2.5
Not at work due to illness or disability	5.2	28.1	10.1	14.0	17.1
Highest education level attained					
Primary or below	25.3	24.0	42.0	9.3	55.6
Lower secondary	19.4	16.9	22.7	5.1	23.6
Higher secondary	19.0	13.1	17.3	2.1	9.6
Post leaving certificate	7.9	10.4	5.7	2.3	4.3
Third level non degree	9.5	6.7	4.4	1.8	4.1
Third level degree or above	17.7	5.4	6.6	0.3	1.2
Total	100.0	14.4	100.0	4.2	100.0

Source: CSO

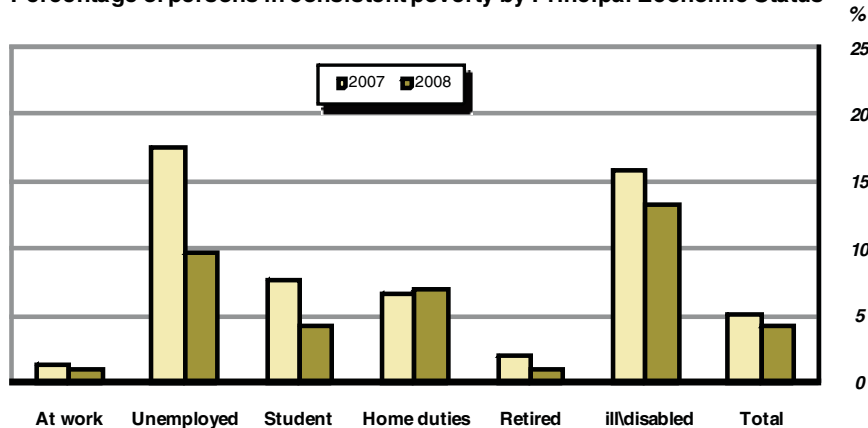
Percentage of persons in consistent poverty by Principal Economic Status

Table 3.6 Average income measures

€

	SILC 2007		SILC 2008	
	Annual	Weekly	Annual	Weekly
National income definition, national equivalence scale				
Total gross household income	59,820	1,146.42	60,581	1,161.00
Total disposable household income	47,988	919.66	49,043	939.89
Equivalised total disposable household income	23,610	452.47	24,380	467.24
Equivalised total disposable household income including old-age and survivors' benefits but excluding all other social transfers	20,113	385.46	20,418	391.30
Equivalised total disposable household income excluding all social transfers	17,897	342.99	17,982	344.62

Source: CSO

Table 3.7 At risk of poverty thresholds

€

	SILC 2007		SILC 2008	
	Annual	Weekly	Annual	Weekly
National income definition, alternative national scale				
At risk of poverty				
40% of median income	7,927	151.91	8,303	159.13
50% of median income	9,908	189.88	10,379	198.91
60% of median income	11,890	227.86	12,455	238.69
70% of median income	13,871	265.84	14,531	278.47
Illustrative values (60% level)				
1 adult, no children	11,890	227.86	12,455	238.69
2 adults, 2 children	27,584	528.64	28,895	553.77

Source: CSO

