Rialtas na hÉireann
Government of Ireland

Social Impact Assessment 2021

An Assessment of Living Standards – Results from the 2019 Survey on Income and Living Conditions

AOIFE DOYLE

DSP VOTE

DEPARTMENT OF PUBLIC EXPENDITURE AND REFORM

JULY, 2021

This paper has been prepared by IGEES staff in the Department of Public Expenditure & Reform. The views presented in this paper do not represent the official views of the Department of Public Expenditure and Reform or the Minister for Public Expenditure and Reform.

IGEES
Irish Government Economic and Evaluation Service

Executive Summary

Income: In 2019, as a result of strong employment and income growth, and an increase in social transfers, income levels increased, exceeding previous peak income levels observed in 2008.

- Real median disposable equivalised income per individual (i.e. inflation adjusted income after tax) was €23,413, which is €2,732 or 13.2% greater than in 2008.
- Nominal equivalised median disposable household per individual (i.e. income after tax that is not adjusted for inflation) was €23,979, which is €3,221 or 15.5% higher than in 2008.
- The growth in nominal income of €1,107 (+4.8%) in 2019 was driven by an increase in direct income of 2.4% and an increase in the value of social transfers of 9.2%.
- Income inequality as measured by the Gini coefficient after social transfers fell slightly in 2019 by 0.9 ppts.

Poverty and Deprivation: While poverty and deprivation rates had been improving in recent years, in line with growth in earnings, 2019 figures deviated somewhat from this trend with a very slight decline in the *Consistent poverty rate* and an increase in the *Deprivation rate*. This suggests that access to goods and services has not moved in line with growth in incomes for some households.

- The *Consistent Poverty* rate declined slightly from 5.6% in 2018 to 5.5%, while the *Deprivation* rate increased from 15.1% in 2018 to 17.8% in 2019.
- By age, older people of pensionable age had the lowest *Consistent poverty (2.3%)* and *Deprivation* (11.2%) *rate* in 2019, while children (aged 0-17) had the highest rates at 8.1% and 23.3% in 2019, respectively.
- Despite children having the highest rates for both *Consistent poverty* and *Deprivation,* these have reduced by 4.6 ppts and 14.2 ppts respectively from 2013 to 2019, the greatest reductions seen across all age cohorts for both measures.

Regional Analysis: While there were marked improvements for a number of regions in income and poverty indictors in 2019, these improvements were not uniformly observed for all regions.

- Real disposable median incomes in Dublin and the Mid-East were 16% and 8% higher than the national average respectively, while the Border region was 21% lower.
- The *Consistent poverty rate* was highest in the Border region and South-East region at 8.2% and 10.1% respectively. While this represents a decrease in the consistent poverty rate for Border region since 2018, it is an increase for the South-East region. The South-West saw the largest decrease in the consistent poverty rate down 2.8 ppts to 3.4% in 2019.
- While the Mid-East recorded a reduction of 2.5 ppts in the *Consistent poverty rate,* the *Deprivation rate* actually increased by 6.1 ppts, indicating that inflation may have resulted in more people at the lower end of the income distribution in this region being unable afford items on the deprivation index.

Preliminary indications of COVID-19 Impact: Since March 2020, large declines in median incomes were observed, on average, for those in receipt of COVID-19 supports. However, lower income employees and employees under 25 experienced, on average, an increase in their incomes due to the COVID-19 supports.

- The median weekly income of COVID-19 support recipient employees in the first income quintile increased by 41% between Q4 2019 to Q4 2020 while Recipients in all other quintiles saw declines over the same period. Non-COVID-19 support recipients in the first quintile saw an increase of 21.3% over the same period.
- Between Q4 2019 to Q4 2020 employee recipients of COVID-19 supports in the under 25 age group recorded an annual increase in median weekly earnings of 23.5%, with all other COVID-19 support recipients over the age of 25 recording a more modest increase of 4% in annual weekly earnings .
- While there is no direct data on the impact of COVID-19 on poverty, a survey conducted by the CSO in June 2020 showed that respondents living in areas categorized as “Average Disadvantaged” had the highest share of the population reporting a decrease in net income (29.1%) followed by “Very Affluent” areas (21.3%) followed by “Very Disadvantaged” areas (20.5%).

Contents

1. Introduction

This paper forms part of the Social Impact Assessment (SIA) series which aims to apply an evidence-based methodology to assess the impact of policy on households' financial positions. The Programme for Government commits to 'develop the process of budget and policy proofing as a means of advancing equality, reducing poverty and strengthening economic and social rights.'

The Survey on Income and Living Conditions (SILC) is an annual survey series provided by the Central Statistics Office (CSO) that examines a broad range of issues related to income and living conditions. It is the official dataset for a number of key income and poverty indicators including the median equivalised nominal disposable income; the *'At Risk of Poverty rate'*; and the Consistent Poverty rate. The CSO use a rolling population for the SILC survey, whereby two-thirds of the survey population is maintained every three years. This allows for a continuation of results from one year to the next. Movement in indicators could therefore be attributed to the new survey population tranche as well as changes in the wider economic context. The CSO's SILC series also forms part of the European Union Statistics on Income and Living Conditions (EU-SILC) published by Eurostat, which Ireland is obligated to contribute to under EU law. [1] EU-SILC data is used for monitoring poverty and social inclusion within the European Union, providing the framework for the coordination of economic policies across the European Union through setting universal criteria and indicators for countries to report.

The response during the emergency phase of the COVID-19 crisis was to support the incomes of those impacted by the closure of the economy. Since the onset of the pandemic, the CSO has conducted a series of Social Impact of COVID-19 Surveys which took place in April, June, August, and November 2020, which examined the effects on personal well-being, personal concerns related to COVID-19, as well as changes in consumption behaviour and working life. The CSO's 'Impact of selected COVID-19 Income supports on Employees' is a series of publications that falls under the umbrella of 'Insights from Real Time Administrative Sources Series' which uses newly available datasets from administrative systems to produce insights into Irish society. This publication uses the data from the first two publications of the series released on December 17th 2020[2] and May 19th 2021[3] to examine the impact of selected COVID-19 Income support Schemes on the income of employees in the four quarters of 2020 and matches this to Employee earnings data, taken from the Revenue Commissioners' PAYE Modernisation (PMOD) dataset.

---

[1] For relevant legislation see links to EU regulations provided by the CSO: https://www.cso.ie/en/interactivezone/statisticsexplained/surveyonincomeandlivingconditionsexplained/anonymisedmicrodata/euregulations/

[2] See: https://www.cso.ie/en/releasesandpublications/fp/fp-c19issse/impactofselectedcovid-19incomesupportsonemployees-insightsfromrealtimeadministrativesourcesseries1/

[3] See: https://www.cso.ie/en/releasesandpublications/fp/fp-c19issse/impactofcovid-19incomesupportsonemployeesq42020-insightsfromrealtimeadministrativesourcesseries2/

In this paper, key results from the 2019 SILC survey will be presented, including comparisons with 2018 SILC figures. In recognition of the effect that COVID-19 has had, an additional section has been added to the paper which uses more recent CSO publications to present the key insights on the impact that COVID-19 has had on income and living conditions in 2020. The paper will focus on the following:

I. ***Household Income levels and Income Inequality***

a. Historical changes in real and nominal household income
b. Components of household income
c. Income inequality

II. ***Poverty indicators across Age and Economic Status***

III. ***Regional distributional analysis of Income levels and Poverty indicators***

IV. ***Effects of COVID-19 on Income and Living Conditions by Income, Age, Poverty and Regions indicators***

2. Household Income

I. *Historical Level of Household Income*

There are three broad elements of income: direct income, social transfers, and tax and social contributions. The equations below set out the relationships between the different elements.

$$\textbf{\textit{Direct income}} + \textbf{\textit{social transfers}} = \textbf{\textit{Gross Income}}$$
$$\textbf{\textit{Gross Income}} - \textbf{\textit{tax}}\ \&\ \textbf{\textit{social contributions}} = \textbf{\textit{Net disposable income}}$$

The main metric used to measure developments in average income levels is median equivalised disposable income[4] per person. The equivalised disposable income is the total income of a household, after tax and other deductions, divided by the number of household members converted into equalised adults. Subsequently, household members are equalised by weighting each according to their age, using the CSO's national equivalence scale. Disposable income is any income after taxes and social contributions that is available for personal use.

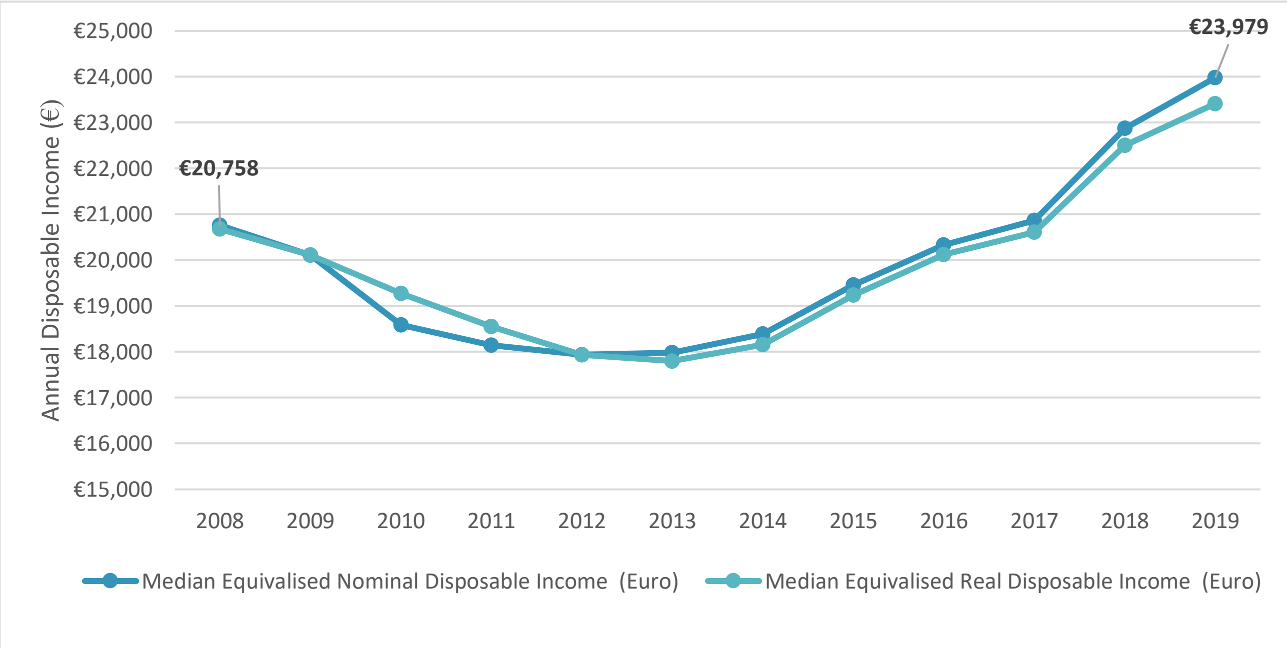
[4] The equivalised disposable income is the total income of a household, after tax and other deductions, that is available for spending or saving, divided by the number of household members converted into equalised adults; household members are equalised or made equivalent by weighting each according to their age, using the modified OECD equivalence scale.

Nominal income is a measure of the income available as cash to individuals. Changes in nominal income measure the fluctuations in cash income that individuals have gained or lost. Real income measures the available cash income of individuals in respect of inflation. A high inflationary environment will reduce the level of real income that an individual has as they are able to purchase fewer goods and services with the same level of nominal cash income.

The recent SILC data shows that increases in income have continued in 2019. As can be seen in Figure 1, median incomes fell following the economic downturn and have since recovered. Between 2012 and 2019, the annual nominal disposable equivalised median income per individual increased from €17,937 in 2012 to €23,979 in 2019. This is an increase of €6,042, or 33.6%. Real disposable equivalised median income per individual was €24,413 in 2019, this is €2,732 or 13.2% higher than 2008 peak levels.

In 2019, nominal disposable equivalised median income per individual was €23,979, an increase of €1,107 or 4.8% compared to the previous year's figure €23,872 for 2018. **This is €3,221 or 15.5% above the previous peak level of income achieved in 2008 and is €3,110 or 14.9% above 2017's nominal median income.**

Figure 1 - Median Real and Nominal Equivalised Income per Individual by Year, 2008-2019



Source*:* CSO SILC Data

Average income levels peaked in 2008 before declining steeply over the next three years, resulting in a 12.6% reduction in nominal equivalised median disposable income, and 11.5% reduction in real median equivalised disposable income of 10.3% by 2011. Between 2012 and 2019, there was significant growth in real and nominal incomes, with incomes overtaking the levels seen in 2008. Over the period 2012 to 2019, both classification types of income increased by approximately 33% for nominal, and 30.5% for real. Given low levels of inflation during this period[5], there was a lack of divergence between real and nominal incomes (See Figure 1).

While initially the growth rate trend for incomes slowed, falling from 4.47% in 2016 to only 2.65% in 2017, a large spike in income growth of 9.6% occurred in 2018, before returning to a more normal growth level of 4.8% in 2019.

II. Composition of Household Income

Direct Income

The most significant contributor to weekly income growth has been direct income, reflecting labour market improvements over the period 2012 to 2019.

Direct income is any income gained from employment or self-employment. Social transfers include any cash benefit provided by the government, and includes social protection payments and housing allowances.

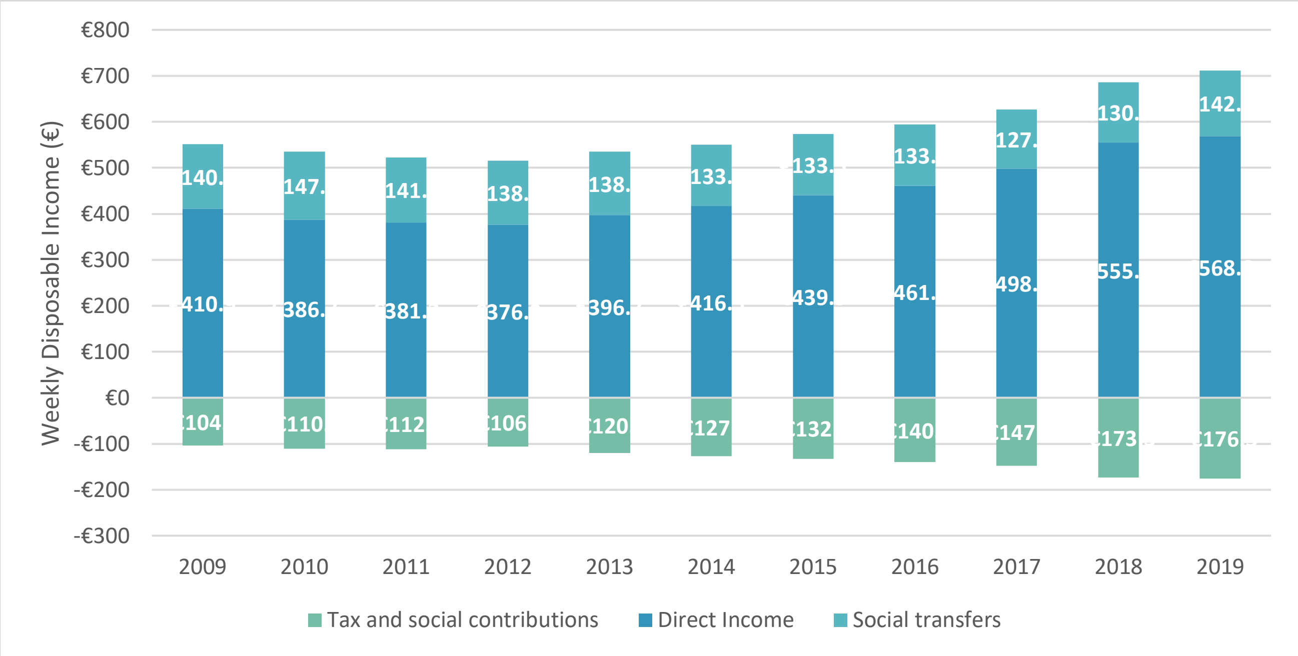
Growth in income has largely been positive since 2009, with growth in direct income being the biggest contributor to growth in overall disposable income. In 2009, direct income stood at an average of €410.88 a week, before reducing to €376.33 in 2012. Since 2012, direct income has increased to reach €568.8 in 2019, this is a cumulative increase of 51%.

As shown in Figure 2, when the composition of 2019 weekly income is examined, direct income has seen the largest level of annual growth in 2019.

- Direct weekly income grew by €13.4 (2.4%) to €568.8.
- Tax and social insurance contributions increased by €12.1 (9.2%) to €142.9.
- The value of weekly social transfers decreased by €0.3 (1.7%) to €176.3.

[5] In the euro area, consumer price inflation is measured by the Harmonised Index of Consumer Prices (HICP). It measures the change over time in the prices of consumer goods and services acquired, used, or paid for by euro area households. The HCIP went from a high of 1.7% to reach a low of -0.2% before climbing back up to 1.09% in 2019. See HCIP dec vs dec figures: https://www.inflation.eu/en/inflation-rates/ireland/historic-inflation/hicp-inflation-ireland.aspx

Figure 2 - Decomposition of Weekly Income, 2009-2019



Source: CSO SILC Data

When further breaking down direct income, we find employee income was the largest driver of direct income growth between 2018 and 2019.

- Employee income grew only by €23.88 or 5.8%
- Income from self-employment fell by €11.96 or 13.7%.
- Income tax on employer's social insurance contributions grew by only €2.27 or 4.8%.

The slight growth in direct income in 2019 can primarily be attributed to a large decrease in income from self-employment. The decline in the growth rate of incomes from self-employment was concentrated in the top decile of the income distribution, particularly in the 10th income decile. The decrease in self-employed income in the 10th decile has been as a result of two movements, lower incomes from self-employment generally who were previously at the upper end of the income distribution and fewer self-employed individuals moving into the 10th decile[6].

[6] It is important to note the changes in the 10th decile as there is no upper limit to the level of income that can be included in this decile. Therefore, large increases in income in excess of the normal decile ranges for a small number of individuals can skew the mean for this decile away from the norm. Examining decile characteristics as a percentage of the total population shows that the percentage of the population in the top income decile has increased by 0.1% or 4,761 individuals.

Figure 3 - Change in Direct Income by Income Decile and Type, 2018-2019

Source: CSO SILC Data

Social Transfers

As can be seen in Table 1 below, income gained from social transfers increased by 9.2% in 2019 with increases seen across all areas except unemployment benefits. As the Live Register has continued to decrease since its highest level in 2011, reductions in unemployment benefits reflect the reductions in the number of individuals on the Live Register with a 13% reduction in the Live Register in 2019[7]. As the value of social transfers are averaged across the whole population, reductions may reflect a fall in the number of payments that are being made rather than the relative value of each payment.

Table 1 – Changes in the Composition of Social Transfers in 2018 and 2019

Annual Percentage Change in Social Transfers	2017 -2018	2018 -2019
Unemployment Benefits	-15.6%	-2.7%
Old-age related benefits	-1.3%	9.2%
Occupational Pension	11.0%	16.5%
Family/Children related allowances	7.6%	1.7%
Housing Allowances	64.8%	3.3%
Other	-2.2%	25.3%
Total	2.2%	9.2%

Source: CSO SILC Data

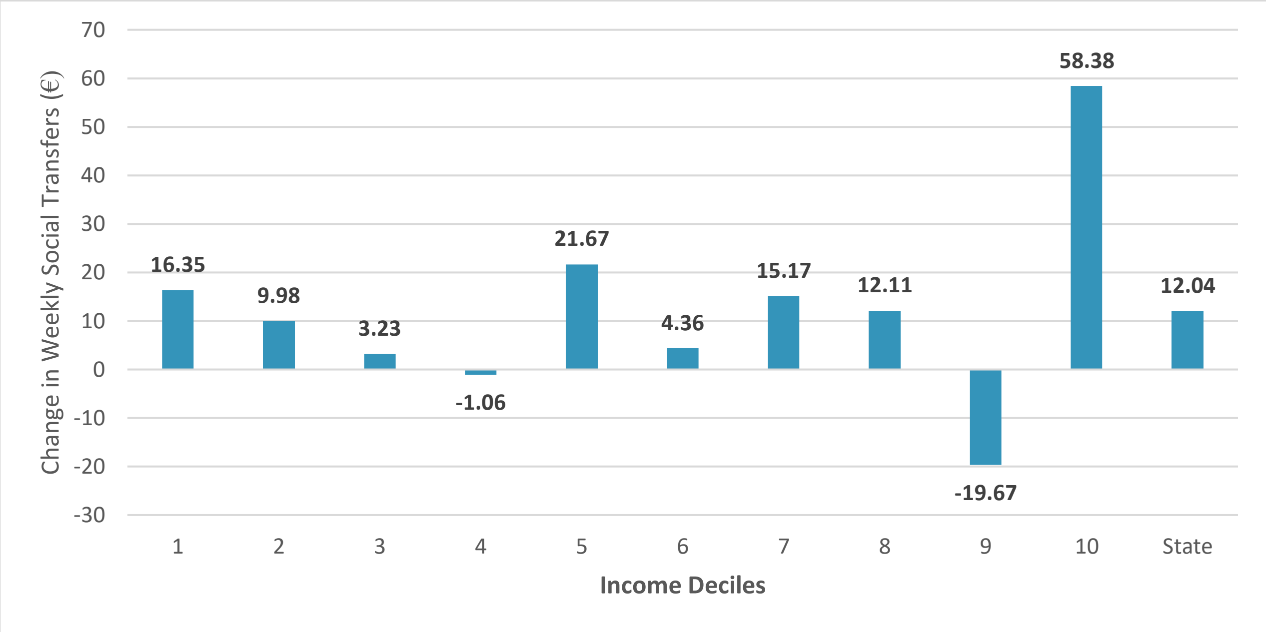
[7] The percentage reduction of 13% for live register recipients in 2019 is the percentage difference in the annual average of live register recipients between 2018 and 2019. The monthly estimates were for both years were first averaged over the 12 months for each year and subsequently the yearly averages were then taken away from each other. The data on monthly LR recipients was taken from the CSO's dataset LRM01 – Persons on the Register see: https://data.cso.ie/table/LRM01.

Table 1 shows the wide variation between the change in the composition of social transfers in 2018 and 2019. Housing allowances increased significantly by 65% in 2018 before levelling off in 2019 with a smaller increase of 3% in 2019. The dramatic increase in housing allowances in 2018 can be attributed to the fact that recipients of rent supplements began to transfer to the Housing Assistance Payment (HAP) in 2017, however, HAP was not collected as part of SILC 2017 and, therefore, had to be carried over into SILC's 2018 estimates.[8]

Figure 4 demonstrates that the value of weekly social transfers increased for nearly all income deciles, when disaggregated across the income distribution. Growth in the 2nd, 7th, 8th, and 10th decile may be attributed to increases in the value of occupational pensions and old-age related payments. The value of pension benefits in the 2nd decile increased by €18.84, with the 7th, 8th and 10th decile increasing by €10.98, €11.91, and €48.50, respectively. Additionally, the 1st and 5th deciles have also benefited from increases in old age benefits payments, increasing by €6.37 and €11.01, respectively. However, old age benefits are not the primary avenues of growth in these deciles. For the 1st decile, an upsurge in unemployment benefits of €7.32 was the key driver of growth for that decile, whereas as family/children related allowances, with an increase of €11.34 was the key driver of growth for the 5th decile. Losses in the 4th decile appear, potentially, to be a consequence of reductions in the value of family/children related allowances of €7.83 whereas for the 9th decile, the overall decrease is primarily driven by movement in occupational pensions and old-age related payments of €10.84. Similarly, while the 3rd and 6th deciles both observed large reductions in old-age related payments (of €10.24 and €8.23 respectively), these decreases were outweighed by cumulative increases in all other areas of those deciles, with other social transfers making up the bulk of these increases for both deciles (with €6.60 for the 3rd decile and €10.45 for the 6th decile).

[8] See https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2017/backgroundnotes/ for a full list of the payments and allowances collected as part of SILC 2017.

Figure 4 - Changes in the Value of Weekly Social Transfers by Decile, 2018-2019

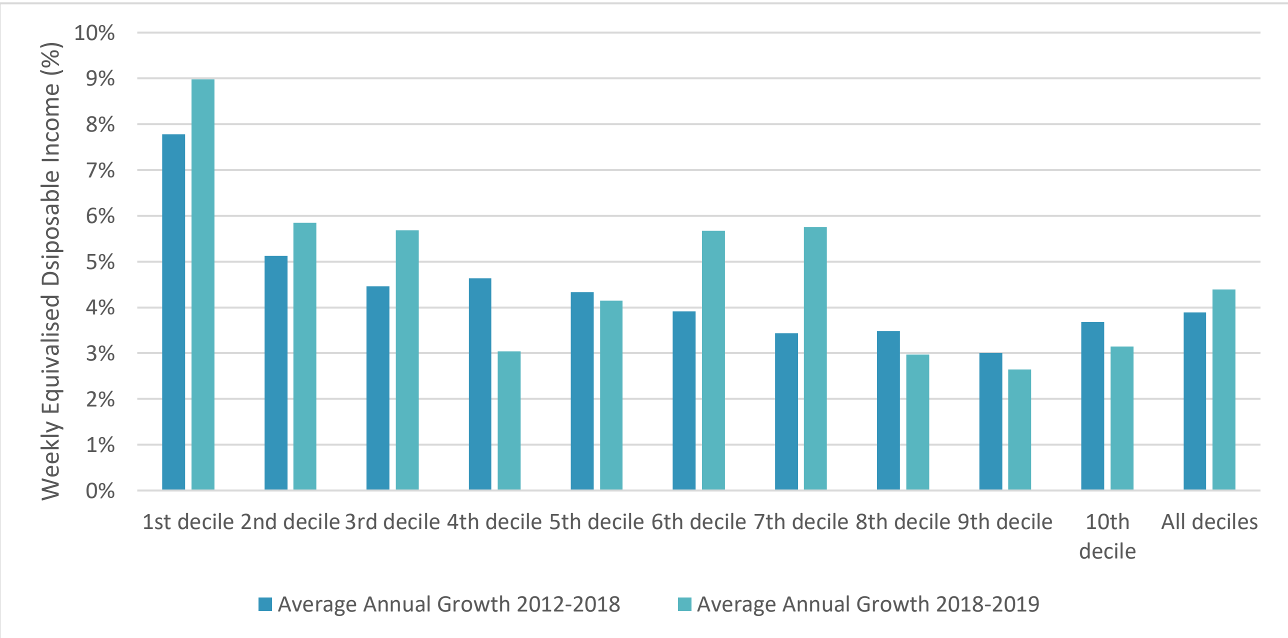


Source: CSO SILC Data

III. Income Distribution

Figure 5 illustrates the annual percentage increase in weekly equivalised net disposable income across deciles, comparing average growth from 2012 to 2018 to growth for 2019. On average, annual growth from 2012 to 2018 was highest in the 1st and 2nd deciles. Nevertheless, increases in the level of employment in all deciles as well as overall increases in income proved to be the greatest contributor to this growth. In 2019, the 1st and 2nd deciles continued to experience the greatest growth in income. There was also noticeable growth in income for the 3rd, 6th, and 7th deciles.

Figure 5 - Weekly Equivalised Net Disposable Income Growth by Deciles, Annual Average 2012-2018, and 2018-2019



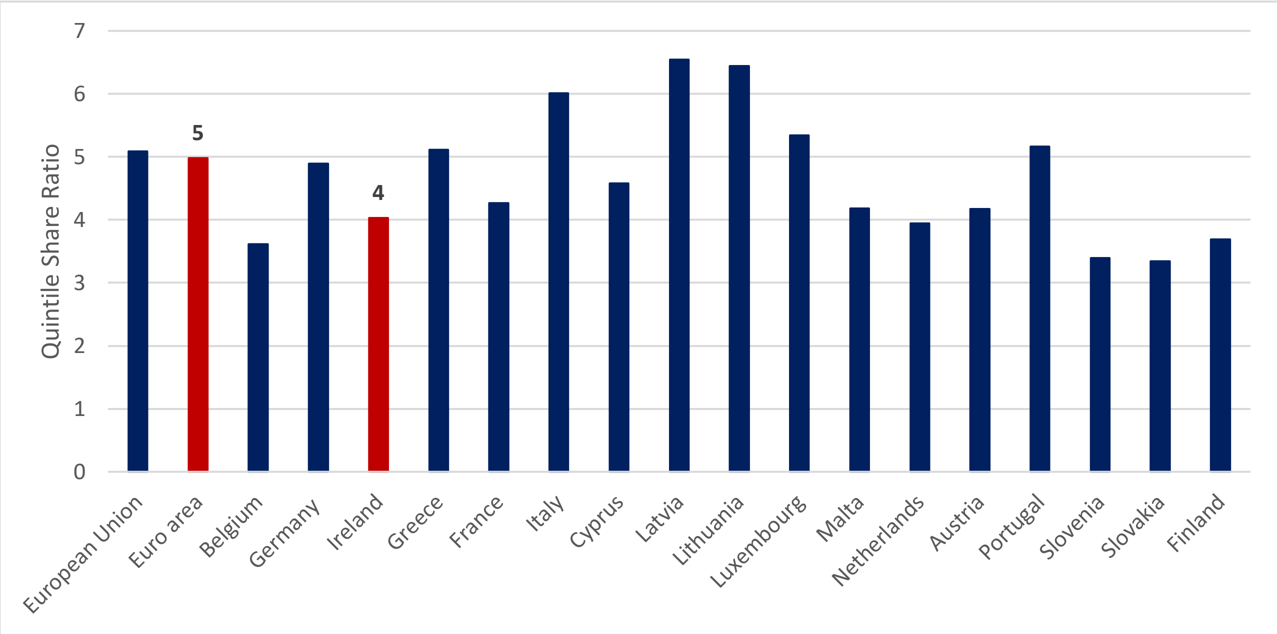
Source: CSO SILC Data

As well as determining changes in the income distribution, SILC provides measures of income inequality. Income inequality is primarily measured by two indicators, the Quintile Share Ratio and the Gini coefficient.

I. Income Quintile Share Ratio

The quintile share ratio is the ratio of income received by the 20% of the population at the top end of the income distribution compared to the 20% at the bottom[9]. A lower quintile share ratio is indicative of a more equal society as the difference between the top and bottom 20% of the population is lower. Figure 6 compares the quintile share ratio across Eurozone countries. In 2019, Ireland had a quintile share ratio of 4 and was below the Eurozone average of 5. Countries with higher levels of social transfers tend to perform better when comparing these indicators as the state takes a larger role in the redistribution of income.

Figure 6 - Comparison of Quintile Share Ratio by Eurozone Country - 2019[10]



Source: Eurostat SILC Data, S80/S20 [ilc_di11]

II. Gini Coefficient

As seen in Figure 7, income inequality as measured by the Gini coefficient after social transfers fell slightly in 2019 by 0.9 points.

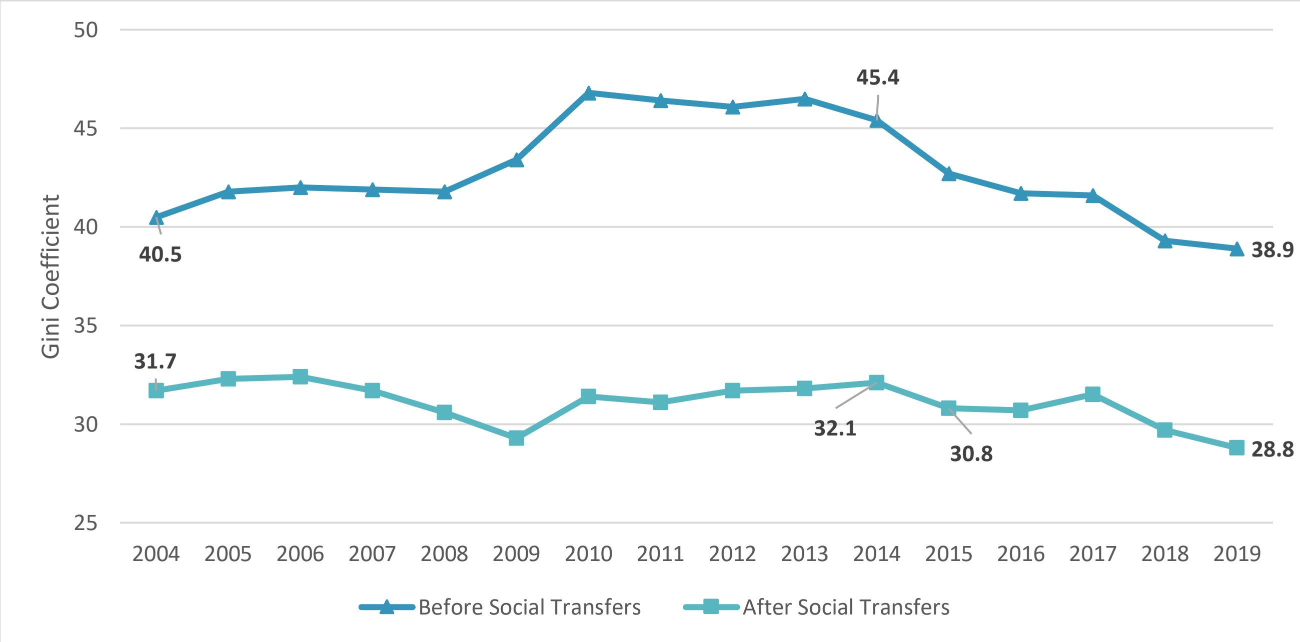
The Gini coefficient is a measure of the degree of equality of income across society with 0 representing perfect equality and 100 representing total inequality. Countries with a more progressive system of tax and social contributions tend to perform better on the Gini coefficient scale due to greater levels of income redistribution.

[9] The income quintile share ratio or the S80/S20 ratio is a measure of the inequality of income distribution. It is calculated as the ratio of total income received by the 20% of the population with the highest income (the top quintile) to that received by the 20% of the population with the lowest income (the bottom quintile) i.e. a quintile share ratio of 5 means the top 20% of the population have 5 times as much income as the bottom quintile.

[10] The United Kingdom has been excluded as a comparison country this year as at the time of writing, their income quintile share data has yet to be published on Eurostat's website.

There is significant difference in Ireland's Gini coefficient when measured before and after social transfers. Social transfers contribute significantly to the reduction in income inequality in Ireland. In 2019, Ireland's Gini coefficient before social transfers stood at 38.9, compared to 28.8 after social transfers. This shows the work that Ireland's system of social transfers does to alleviate the market inequality that exists in the Irish economic system.

Figure 7 - Comparison of Gini Coefficient Before and After Social Transfers, 2008-2019



Source: Eurostat Data: ilc_di12c for before social transfers, after social transfers uses Gini coefficient from the CSO's SILC data.

Ireland's Gini coefficient after social transfers decreased from 28.9 in 2018 to 28.3 in 2019, bringing it even further below the Eurozone average of 30.3 in 2019. Ireland's coefficient still remains well below the United Kingdom's of 33.5 in 2019, a gap of 2 points.[11]

3. Poverty Indicators

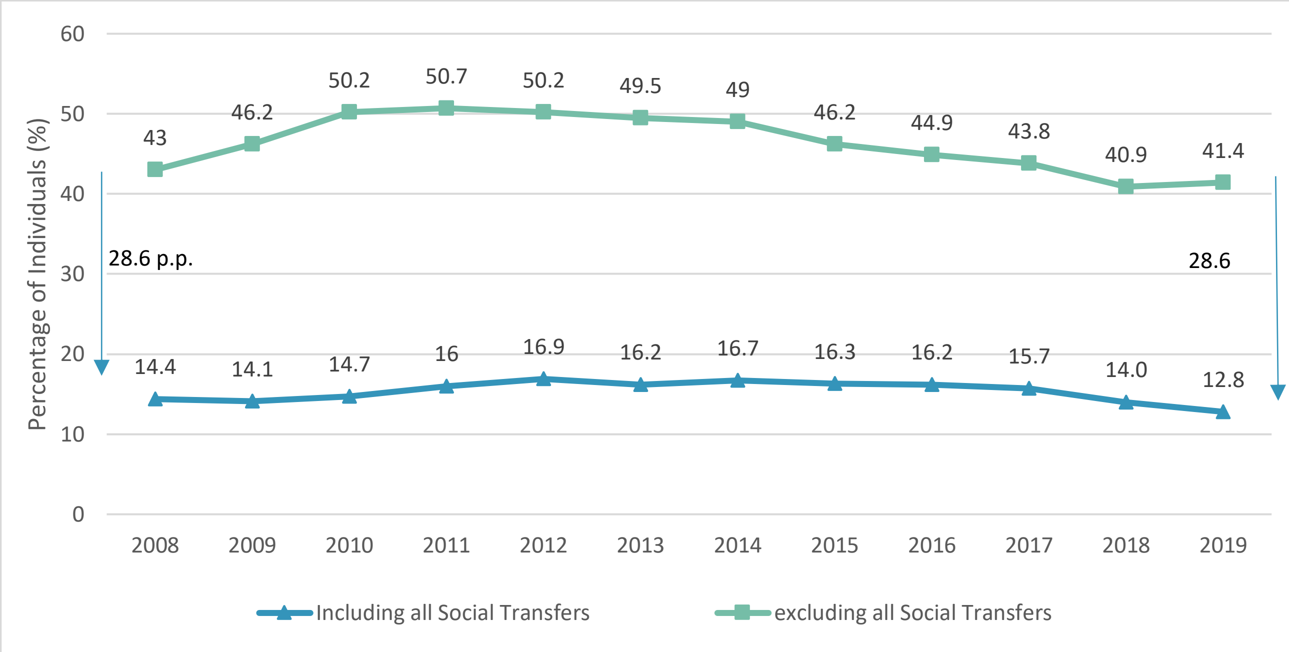
I. At Risk of Poverty rate

The *'At Risk of Poverty rate'* measures the percentage of the population whose income is less than 60% of the nominal median disposable income in a given year (€23,979 in 2019). This metric is relative to the median income and changes every year with changes in the income distribution.

Overall social transfers play a significant role in reducing the '*At Risk of Poverty rate'*. The difference in the *'At Risk of Poverty rate*' before and after social transfers in 2019, is higher than it was in 2005 before the economic recession. However, improvements in the '*At Risk of Poverty rate'* before social transfers rate points to a rise in market income equality indicating robust employment growth and rising wages, as outlined above.

[11] There is a difference in the calculation of the Gini coefficient between the CSO and Eurostat. This accounts for the difference in the GINI coefficient in Figures 9 & 10.

Figure 8 - Comparison of the 'At Risk of Poverty rate' Before and After Social Transfers, 2008-2019



Source: CSO SILC Data

Figure 8 above illustrates a comparison of the *'At Risk of Poverty rate'* before and after all social transfers in Ireland. This is an important dynamic in the context of living standards and poverty in Ireland. While the before transfers *'At Risk of Poverty rate'* increased during the recession, it has been continually decreasing ever since 2012. Yet, even in 2019, the rate is still above pre-recession levels. There has been moderate change in the after social transfers *'At Risk of Poverty rate'* with an overall change of 4.1% between the lowest point in 2019 and the highest in 2012.

The social transfer system (tax and social welfare) plays an important role in terms of reducing the *'At Risk of Poverty rate'* by providing a floor for all incomes through cash transfers. In 2019, social transfers reduced the rate by 28.6% (p.p.). There has been a downward trend in the gap between the before and after social transfers '*At Risk of Poverty rates'* in recent years, indicating that improvements in the earnings of the population has allowed more people to move above the 60% of median income threshold, and hence bringing down the '*At Risk of Poverty rate'* before social transfers measure. However, 2019's figures slightly deviate from this trend, suggesting that the before social transfers '*At Risk of Poverty rate*' may show signs of increasing again while the after social transfers '*At Risk of Poverty rate'* continues to decrease, which will put additional pressure on the social transfers system if the gap continues to widen.

In 2019, Ireland's social transfers system reduced the *'At Risk of Poverty rate'* from 44.7% to 13.1%, a reduction of 31.6%[12], far exceeding the EU 27 average of 26.6%.

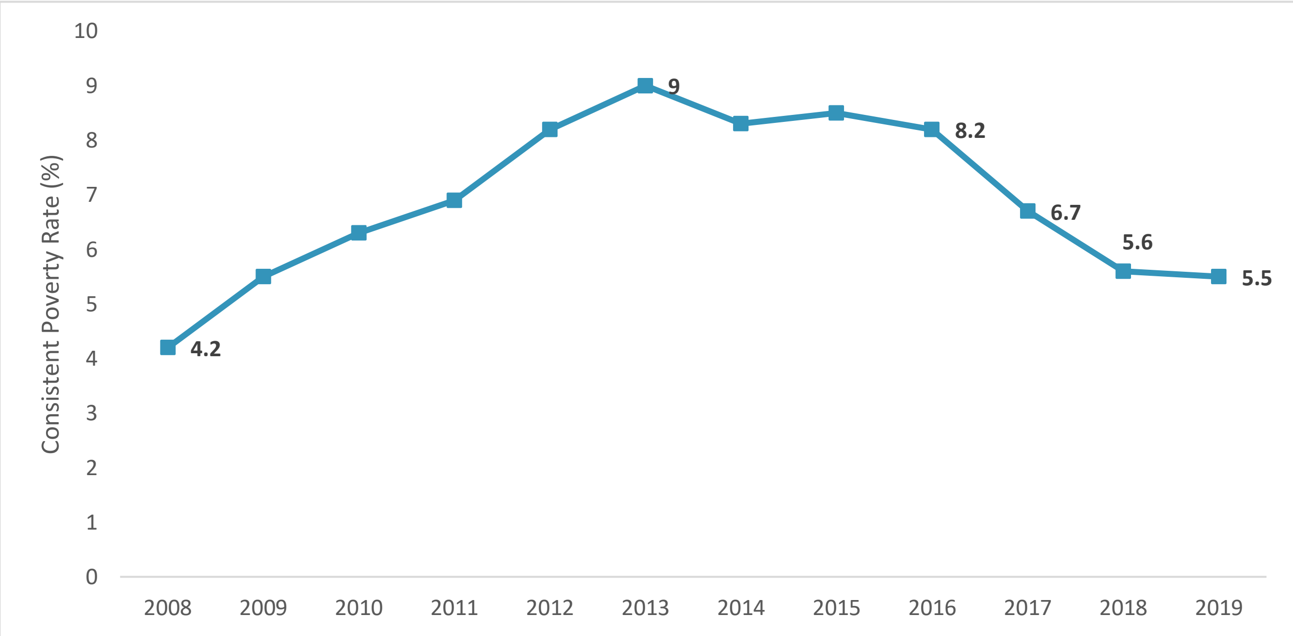
[12] This is the Eurostat at risk of poverty rate for Ireland. There is a difference in the calculation of the '*At Risk of Poverty rate'* between the CSO and Eurostat.

II. *Consistent Poverty Rate*

Consistent poverty is another poverty indicator provided by the CSO. Consistent poverty is the primary metric used by the Irish government to measure levels of poverty across the state.[13] It is a composite metric[14], which describes someone whose disposable income is below the *'At Risk of Poverty rate'* threshold and who cannot afford to provide at least two of the eleven items listed as deprivation indicators.[15] Anyone who meets both of these conditions is considered to be in consistent poverty.

The consistent poverty rate fell from 5.6% in 2018 to 5.5% in 2019. While there is only a slight improvement from 2018's figure, this poverty metric still indicates significant improvements in income and living conditions for people in Ireland when compared to 2016 with **8.2%**, and 2017 with **6.7%** (See Figure 9 below).

Figure 9 - Consistent Poverty Rate by Year (2008-2019)



Source: CSO SILC data

III. *Consistent Poverty by Age*

While median income levels and poverty indicators are improving, improvements have not been the same for all cohorts.

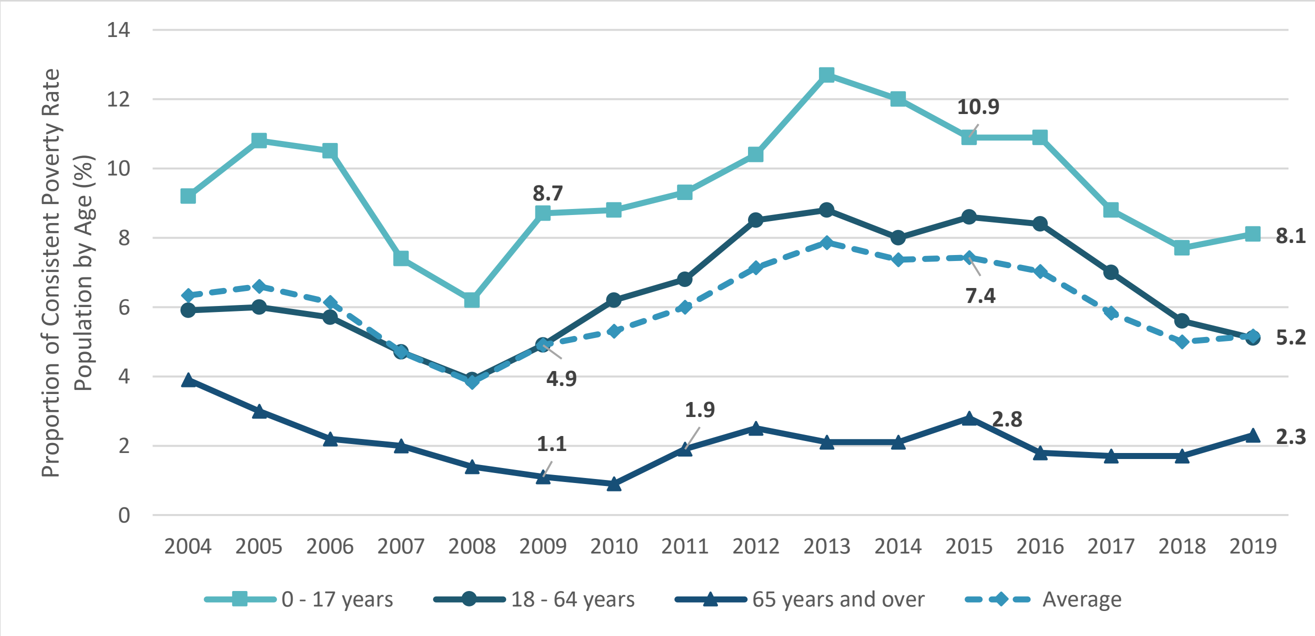
Over the period 2015 to 2019, there was a considerable improvement in consistent poverty rates for all age cohorts. While overall, consistent poverty rates have declined since 2015 there is still some variation in the degree of this reduction across different age cohorts. See Figure 10 below for the reduction in consistent poverty across three broad age groups; 0-17 years, 18-64 years, and over 65 years.

[13] For detailed explanation of measures see: http://www.welfare.ie/en/Pages/Poverty-Indicators.aspx
[14] Consistent poverty describes individuals that are both at risk of poverty due to income and unable to purchase certain consumer items as described the deprivation rate.
[15] See Appendix B

Older people of pensionable age have the lowest consistent poverty rate at 2.3% in 2019, while children (aged 0-17) have the highest level at 8.1%. Despite having the highest consistent poverty rate in 2019, children aged 0-17 years have experienced the greatest reduction in consistent poverty since peak levels in 2013. As seen in Figure 10, the consistent poverty rate for 0-17 year olds reduced by 4.6% between 2013 and 2019, this was the greatest reduction experienced across all age cohorts.

Despite these improvements, consistent poverty rates for children (0-17) and people of working age (18-64) are still higher than the targets set as part of the Roadmap for Social Inclusion 2020 – 2025.[16] The action plan sets a target of 2% or for all demographic cohorts by 2025.

Figure 10 - Consistent Rate by Age Cohort, 2008-2019



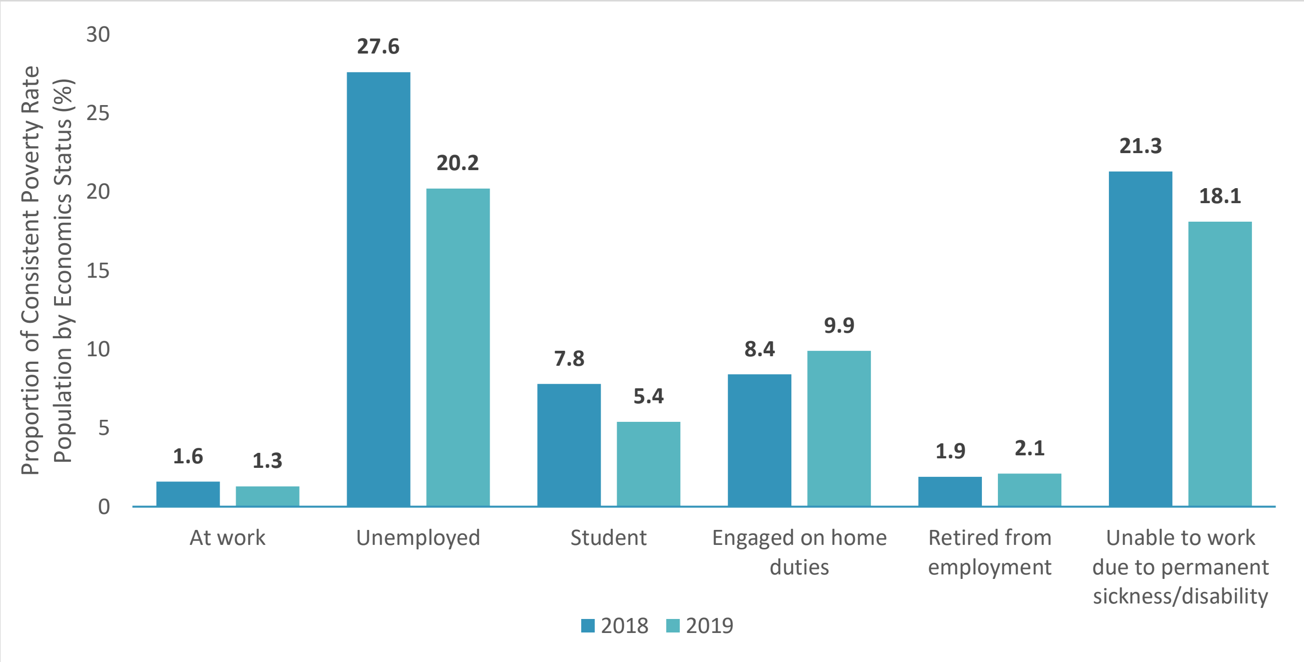
Source: CSO SILC Data

IV. Consistent Poverty by Economic Status

Consistent poverty can also be examined by principal economic or demographic characteristics. Figure 11 below illustrates the consistent poverty rate by economic status for 2018 and 2019.

[16] The Roadmap for Social Inclusion 2020 – 2025 was published in January 2020 and is an is an overarching statement of Government strategy, which acknowledges the range of sectoral plans already in place that have social inclusion as a core objective.
See: https://www.gov.ie/pdf/?file=https://assets.gov.ie/46557/bf7011904ede4562b925f98b15c4f1b5.pdf#page=1 pg.5 and pg. 17
It is also the successor to the National Action Plan for Social Inclusion which concluded at the end of 2017
See: http://www.socialinclusion.ie/documents/NAPinclusionReportPDF.pdf pg.26

Figure 11 - Consistent Poverty Rates by Principal Economic Status, 2018 and 2019



Source: CSO SILC Data

Unemployed individuals and those not at work due to illness or disability report the highest levels of consistent poverty relative to other groups in society. Retired individuals and those engaged with home duties were the only groups that saw their rate of consistent poverty increase in 2019 by 0.2% and 1.9% respectively.

Comparing demographic characteristics, the median equivalised nominal disposable income of the unemployed increased by €2,004 or 14% between 2018 and 2019, which was the highest increase amongst the various demographic cohorts. People in unemployment as well as people out of work due to illness or disability (those more reliant on social transfers for income) have seen social transfers increase at much higher rates than in-work income increases. Retirees' income had the second lowest increase despite a rise in the payment rate for state pension in 2017[17]. This may be due to the falling number of people with an occupational pension[18].

[17] Recent pension rate increases in Budget 2016 and the Budget packages of 2017-2019 (which provided universal social welfare rate increase to all schemes,) were well above inflation, as the maximum rates of payment for both contributory and non-contributory state pensions had been continually increasing by €5, each year from 2016 to 2019. For example, the maximum payment rate for pensions increased from €243.3 for state contributory and €232 non-contributory pensions in 2018, to €248.3 for state contributory and €237 non-contributory pensions in 2019. At the time of writing the maximum payment rates have remained unchanged since 2019. For detailed breakdowns of the rates of various different social welfare payments over the different years see: https://www.gov.ie/en/publication/6aec4d-current-rates-of-payment-for-social-welfare-payments-sw19/. For detailed breakdowns of the rates of various different social welfare payments see: https://www.gov.ie/en/publication/6aec4d-current-rates-of-payment-for-social-welfare-payments-sw19/. Whether pension rate increases were above changes in the inflation rate can be measured by comparing the annual percentage change in social welfare payment rates with the CSO's data on the Harmonised Consumer Price Index (HCPI). See: https://data.cso.ie/table/CPM15.

[18] An occupational pension is one that is provided by an employer. They are also known as company or employers' pension plans. Occupational pension schemes provide a regular income after retirement. Some also provide a lump sum payment on retirement. There is no legal obligation on employers to provide occupational pension schemes for employees and it appears that many employees are currently not offering them employees to employees according to the CSO's Pension Coverage 2020 publication. See: https://www.cso.ie/en/releasesandpublications/ep/p-pens/pensioncoverage2020/occupationalpensions/

Table 2 - Change in Median Equivalised Nominal Disposable Income & Consistent Poverty Rate by Demographic Characteristics, 2018 and 2019

	Median Income				Consistent Poverty Rate		
	2018	2019	Annual Change		2018	2019	Annual Change
	€	€	€	%	%	%	p.p.
At work	€27,082	€28,811	**€1,729**	**6.4%**	1.6	1.3	**-0.3**
Unemployed	€14,293	€16,297	**€2,004**	**14.0%**	27.6	20.2	**-7.4**
Student	€21,235	€21,481	**€246**	**1.2%**	7.8	5.4	**-2.4**
Home duties	€17,215	€17,963	**€748**	**4.3%**	8.4	9.9	**1.5**
Retired	€20,085	€20,424	**€339**	**1.2%**	1.9	2.1	**0.2**
Unable to work due to sickness/disability	€14,253	€15,997	**€1,744**	**12.2%**	21.3	18.1	**-3.2**

Source: CSO SILC Data

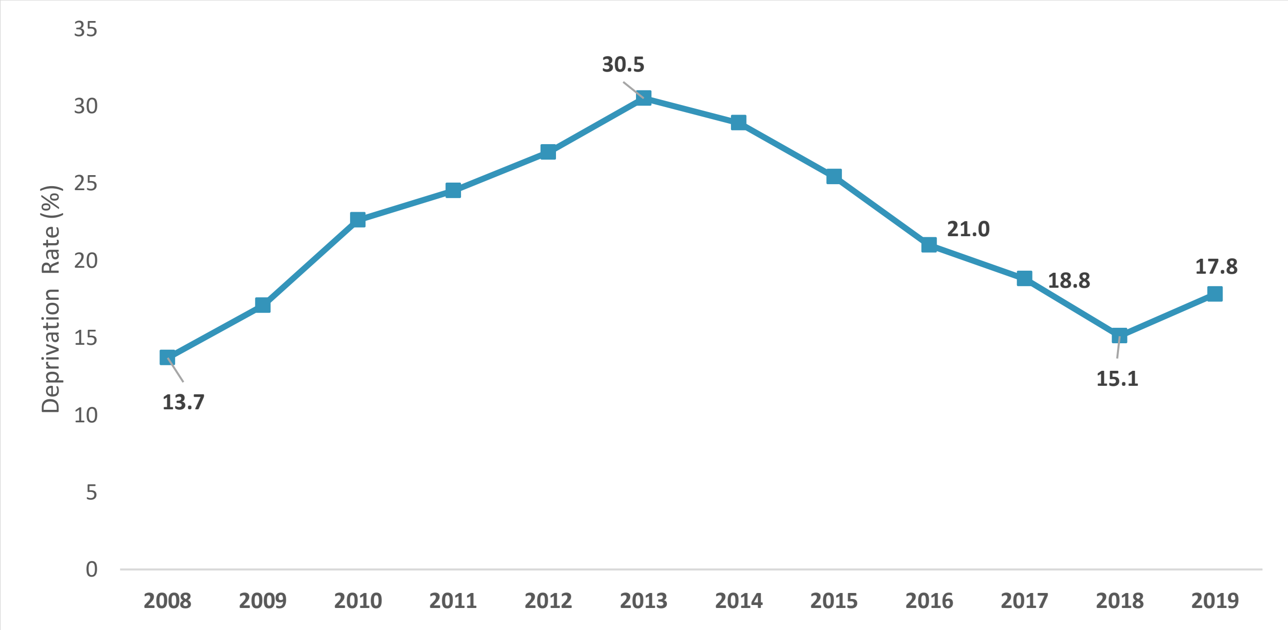
The increase in the higher rates of unemployment payments over the period 2016 to 2019 may have also contributed to a reduction in the poverty indicators for the unemployed cohort.

V. Deprivation Rate

The deprivation rate measures the proportion of households that are considered to be marginalised or deprived because they cannot afford goods and services which are deemed to be the norm for other people in society. The deprivation approach serves to complement our previous poverty rate findings by providing a sharper distinction between those who can and cannot afford essential items, rather than whether their income is above or below the poverty rate threshold. A person is considered to be in enforced deprivation if their household experiences two or more of the 11 deprivation items set out in appendix table 7.

In 2019, 17.8% of the population were defined as living in enforced deprivation compared to 15.1% from the previous year. While this was a significant increase in the deprivation rate of 2.7 percentage points, this poverty metric still indicates significant improvements in income and living conditions for people in Ireland when compared to 2016 with 21% and 2017 with 18.8%.

Figure 12 – Deprivation Rate by Year (2008-2019)



Source: CSO SILC Data

VI. Deprivation Rate by Age

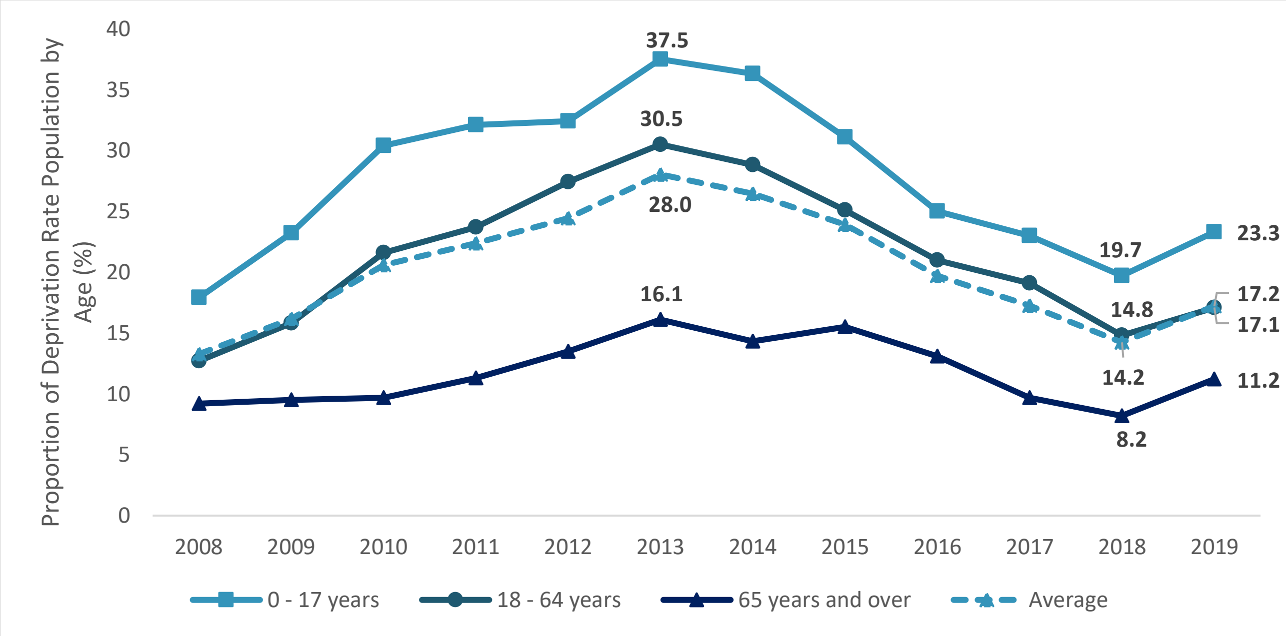
Over the period 2015 to 2019, there was a considerable improvement in deprivation rates for all age cohorts. While overall deprivation rates have declined since 2013 there is variation in the degree of this reduction across different age cohorts. See Figure 13 below for the reduction in deprivation across three broad age groups; 0-17 years, 18-64 years, and over 65 years.

Older people of pensionable age have the lowest deprivation rate at 11.2% in 2019, while children (aged 0-17) have the highest level at 23.3%. Despite having the highest deprivation rate in 2019, children aged 0-17 years have experienced the greatest reduction in deprivation since peak levels in 2013. As seen in Figure 13, the deprivation rate for 0-17 year olds reduced by 14.2% between 2013 and 2019, this was the greatest reduction experienced across all age cohorts.

Despite these improvements, deprivation rates for children (0-17) and people of working age (18-64) are still higher than pre-recession levels. The Roadmap for Social Inclusion 2020 - 2025[19] sets a target of reducing the share of the population suffering severe material deprivation to 3.1% in 2025.

[19] The Roadmap for Social Inclusion 2020 – 2025 was published in January 2020 and is an is an overarching statement of Government strategy, which acknowledges the range of sectoral plans already in place that have social inclusion as a core objective
See: https://www.gov.ie/pdf/?file=https://assets.gov.ie/46557/bf7011904ede4562b925f98b15c4f1b5.pdf#page=1
It is also the successor to the National Action Plan for Social Inclusion which concluded at the end of 2017
See: http://www.welfare.ie/en/downloads/National-Action-Plan-for-Social-Inclusion-2007-2016.pdf Pg. 26. This target is based on the EU measure of severe material deprivation (SMD) rather than the national measure of basic deprivation. The EU SMD measure is defined as the share of the population with an enforced lack of at least 4 out of 9 material deprivation items. The SMD item list is not the same as the national deprivation item list.

Figure 13 - Deprivation Rate by Age Cohort, 2008-2019

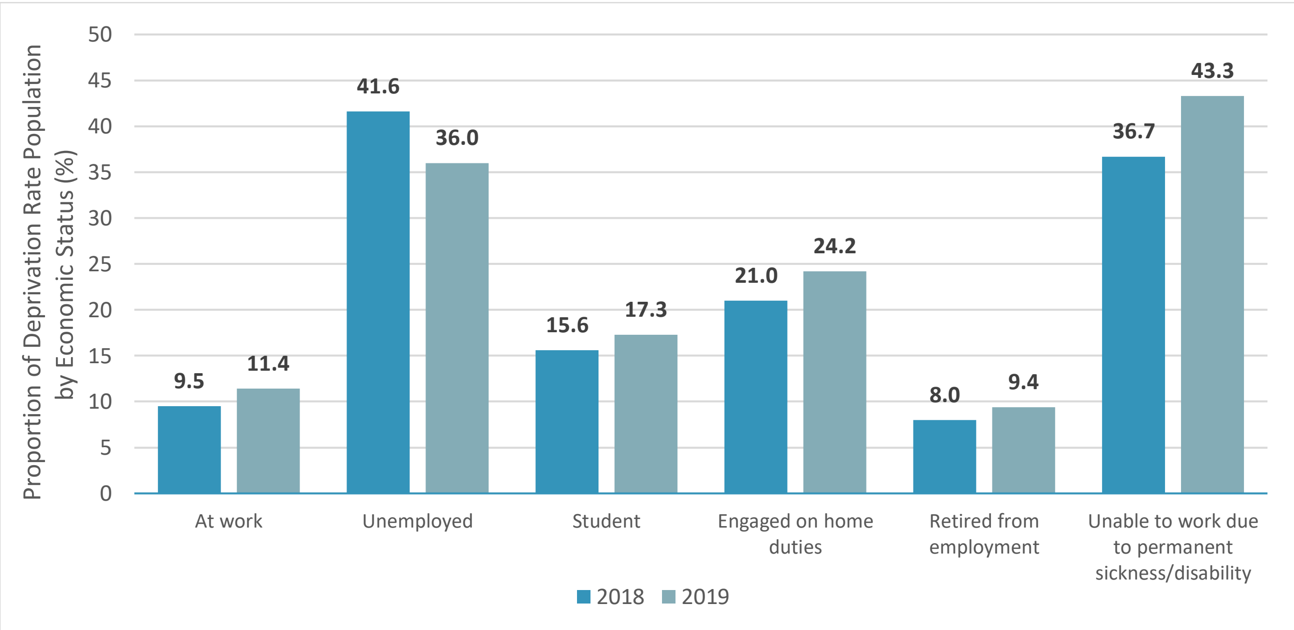


Source: CSO SILC Data

VII. Deprivation by Economic Status

Deprivation can also be examined by economic or demographic characteristics. Figure 14 below illustrates the deprivation rate by economic status for 2018 and 2019.

Figure 14 - Deprivation Rates by Economic Status, 2018 and 2019



Source: CSO SILC Data

Unemployed individuals and those not at work due to illness or disability report the highest levels of deprivation relative to other groups in society. Unemployed individuals were the only cohort that saw their deprivation rate decrease, with a reduction of 5.6% observed between 2018 and 2019. Those not at work due to illness or disability and those engaged with home duties recorded the highest increases in their deprivation rate with 6.6% and 3.2% respectively for 2019.

4. Regional Analysis

Analysis of regional differences in income and poverty indicators highlight differentials across the country. The CSO provide data corresponding to NUTS III[20] regions which facilitates regional analysis of the SILC data. Differences in indicators across regions may be due to a number of different factors such as, employment, economic activity, and type of industry available in these regions.

I. Median Income Levels and distribution

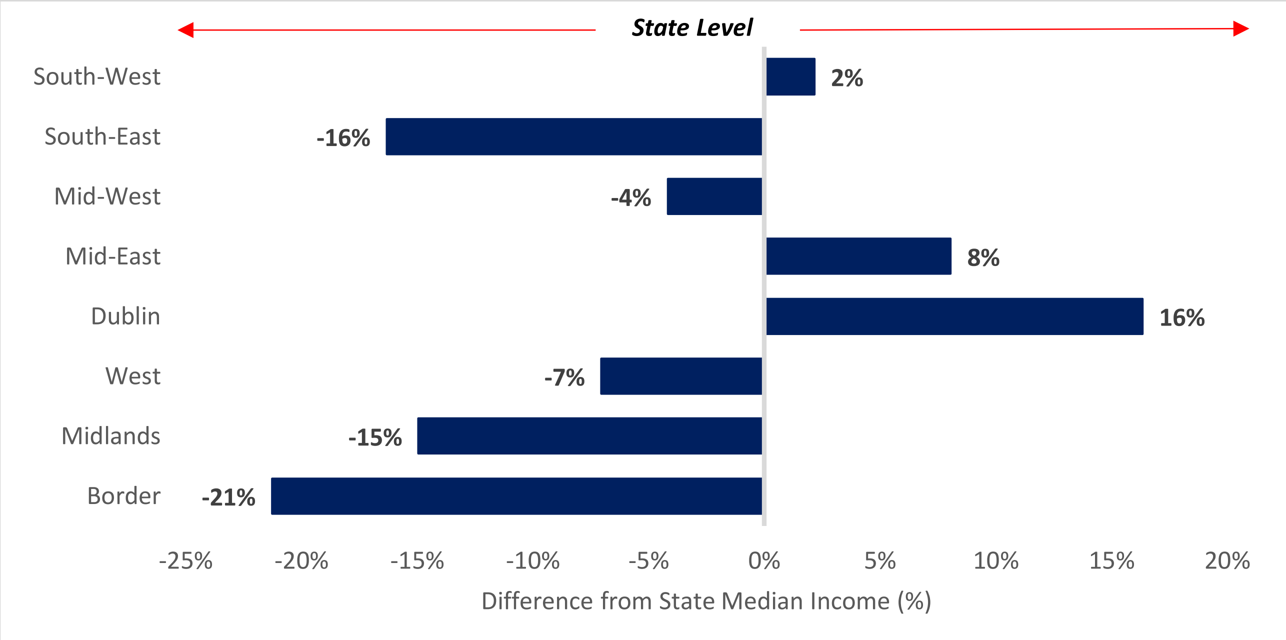
Over the period 2006 to 2019, Dublin consistently reported the highest income levels in the country, with an average premium of 20% above the national median income level. The gap between regions was greatest in 2008, with income in Dublin being 28% above the national average, while income levels in the Midlands were 23% lower than the national average. This gap between regions narrowed over the course of the economic downturn due to falling incomes at the upper end of the income distribution that primarily impacted Dublin and the Mid-East. In 2014 and 2015, this gap between regions increased again as incomes increased at a faster rate in Dublin and the Mid-East compared to the rest of the state.

Figure 15 illustrates the difference in nominal median equivalised disposable incomes for each region when compared to the state average income level of €23,979 in 2019. Overall the trend, of Dublin and the Mid-East consistently performing better than the national median, while other regions performed below the national average, has continued into 2019. However, when comparing these results to the gap analysis conducted in 2018[21], the gap between regional incomes and the state average has widened for the Border, West, Midlands and South-East regions, but narrowed for the Dublin region, which can be attributed to the annual growth rate of incomes in Dublin (of 2%) being lower than the state level annual growth rate (of 5%). In 2019, incomes in Dublin and the Mid-East were 16% and 8% higher than the national average respectively, while income for the Boarder region still remained significantly below the national average with a 21% difference. The gap between incomes in the Midlands and West also increased above the national average by approximately 15% for the Midland's and 7% for the West. The Mid-West was the only region to move from a positive gap of 2% above the state average to being 4% below in 2019, while the South-West moved from being at the state average to a positive gap of 2% in 2019.

[20] See Appendix

[21] See: https://igees.gov.ie/wp-content/uploads/2018/10/SIA-Assessment-of-Living-Standards-in-Recovery-Period.pdf

Figure 15 - Regional Median Equivalised Disposable Incomes Compared to the State Median Income, 2019



Source: CSO SILC Data

II. Poverty Indicators

Historically, the consistent poverty rate for Dublin and the Mid-East was below the national average while the Border, Midlands and South-East regions were consistently higher than the national average. In 2019, the consistent poverty rate was highest in the Border region and South-East region at 8.2% and 10.1% respectively. However, while this is a decrease in the consistent poverty rate for Border region since 2018, it is an increase for the South-East region. The South-West Region saw the largest decrease in consistent poverty rate, from 6.2% in 2018 to 3.4% in 2019. The majority of these results appear to coincide with the changes observed in regional incomes compared to the state average seen in figure 15 above, with the West region being the only exception, recording an annual decrease in its consistent poverty rate of 1.4%, despite the gap between the West's median income levels and state's average income level increasing in 2019.

Table 3 – Comparison of Consistent Poverty Rate by Region 2018 and 2019

	2018 (%)	2019 (%)	Annual Change *(p.p)*
State Level of Consistent Poverty	**5.6**	**5.5**	- 0.1
Border	8.6	8.2	-0.4
Midlands	5.0	6.1	1.1
West	7.1	5.7	-1.4
Dublin	3.4	5.4	2
Mid-East	5.4	2.9	-2.5
Mid-West	4.8	5.4	0.6
South-East	9.1	10.1	1.0
South-West	6.2	3.4	-2.8

Source: CSO SILC Data

In line with consistent poverty rates, deprivation rates for the Border and Midlands regions have traditionally remained above the state average, while Dublin and the Mid-West have consistently remained below the state average. In 2019, deprivation rates were highest in the Border region and South-East region at 21.4% and 19.9% respectively. In contrast to the decrease in the consistent poverty rate, the deprivation rate for the Border region increased from 2018. This suggests that access to goods and services has not moved in line with growth in incomes, indicating that income growth has slightly outweighed the increase in the cost of living for the Border region[22]. The South-East has experienced an increase in both its poverty and deprivation indicators, which could be attributed to the fact that median incomes remained at relatively the same level despite the state average income level increasing in 2019[23].

While deprivation rates in Dublin and the Mid-West were lower than the national average in 2019 at 16.5% and 16.8% respectively, the deprivation rate in these two regions has worsened compared to 2018. Similar to the South-East, both Dublin and the Mid-West have experienced unilateral increases in its poverty indicators[24]. However, while the Mid-West recorded an annual reduction in income levels of -2%, Dublin recorded an annual increase of 2% in income levels. Therefore while reductions in incomes levels appears to be what's driving the increases in poverty rates for Mid-West, some additional factor other income may be what's contributing to the increase in poverty levels for the Dublin region.

Although trends in recent years showed significant reductions in deprivation rates for the West, Mid-East and Mid-West regions. In 2019, we saw a sharp increase in deprivation rates for these regions with the West increasing by 2.7%, the Mid-East by 6.1%, and the Mid-West by 4% in 2019. The Mid-East and West were only the regions in which decreases in the *'At Risk of Poverty rate'* appeared to overshadow increases in deprivation rates for the overall consistent poverty rate[25].

[22] The *'At Risk of Poverty rate'* for Border region increased by 1.5% from 20.9 to 22.4 in 2019. Therefore, as both the *'At Risk of Poverty rate'* and deprivation increased for the Border increased it must be the case that the annual increase of 2% in median disposable income for Border region is what is driving the reduction in the consistent poverty rate.

[23] The *'At Risk of Poverty rate'* for South-West region increased by 0.4% from 21.4 to 21.8 in 2019. Therefore, both the *'At Risk of Poverty rate'* and deprivation increasing has caused the consistent poverty rate to increase. This could potentially be as a result of a slight annual decrease in median incomes level of -0.4% for the South-East region in 2019

[24] The *'At Risk of Poverty rate'* for Dublin region increased by 1.3% from 9.8 to 11.1 in 2019, while in Mid-West the *'At Risk of Poverty rate'* increased by 0.7% from 12.1 to 12.8 in 2019.

[25] The *'At Risk of Poverty rate'* for the Mid-West region decreased by 4.3% from 11.7 to 7.4 in 2019, while in West the *'At Risk of Poverty rate'* decreased by 4% from 19.4 to 15.4 in 2019.

Table 4 – Comparison of Deprivation Rate by Region 2018 and 2019

	2018 (%)	2019 (%)	Annual Change *(p.p)*
State Level of Deprivation	**15.1**	**17.8**	**2.7**
Border	19.5	21.4	1.9
Midlands	20.3	18.7	-1.6
West	15.2	17.9	2.7
Dublin	13.5	16.5	3.0
Mid-East	13.6	19.7	6.1
Mid-West	12.8	16.8	4.0
South-East	16.6	19.9	3.3
South-West	16.1	15.8	-0.3

Source: CSO SILC Data

The Midlands and South-West were the only regions that recorded a decrease in deprivation with the Midlands, falling from 20.3% in 2018 to 18.7% in 2019, and South-West reducing from 16.1% in 2018 to 15.8% in 2019. It would appear that decreases in the *'At Risk of Poverty rate'* and deprivation rate has improved the consistent poverty rate for the South-West, while the annual decrease in income levels of 1% for the Midlands may have over shadowed the improvements in the *At Risk of Poverty rate'* and deprivation rates[26].

5. Effects of COVID-19 on Income and Living Conditions in 2020

Prior to the COVID-19 pandemic, real and nominal incomes had been continuously increasing and had even begun to exceed previous peak income levels in 2008 (before the recession period). In conjunction with a progressive social transfers system, this was leading to significant reductions in overall poverty rates. The response during the emergency phase of the COVID-19 crisis was to support those impacted by the forced closure of the economy. The Pandemic Unemployment Payment (PUP) and the Temporary Wage Subsidy Scheme (TWSS), which was eventually replaced by the Employment Wage Subsidy Scheme (EWSS), were the main measures implemented to support individuals and businesses during this time. At the peak of the COVID-19 crisis in May 2020, it was estimated that over 1.2 million people were being supported by jobseekers payments, the PUP, or the TWSS[27]. At the time, this equated to approximately 50% of the private sector workforce[28]. This section will draw on data from two different series of publications by the CSO in order to analyse the effect COVID-19 has had on income and living conditions.

[26] The *'At Risk of Poverty rate'* for Midlands region increased by 0.8% from 15.3 to 14.5 in 2019, while in South-West the *'At Risk of Poverty rate'* increased by 4.6% from 13.2 to 8.6 in 2019.

[27] The 1.2 million figure is a combination of 598,000 PUP recipients, 450,000 TWSS recipients and 215,000 Live Register recipients for week beginning on May 4th 2020. For the PUP see DSP's press release published on May 5th: https://www.gov.ie/en/press-release/a6f34d-update-on-payments-awarded-for-covid-19-pandemic-unemployment-paymen/. For the TWSS see the data release for May 7th 2020, published on Revenues website: https://revenue.ie/en/corporate/information-about-revenue/statistics/number-of-taxpayers-and-returns/covid-19-support-schemes-statistics.aspx. The 215,000 Live Register recipients are based on estimates for the May 10th 2020 and comes from the CSO's table LRW13. See: https://data.cso.ie/table/LRW13.

[28] The percentage used for the private sector workforce is based on Labour Force Survey Q4 2019 population estimates published by the CSO.

The CSO's 'Social Impact of COVID-19 Survey' series was conducted to measure the impact of COVID-19 on Irish society. It takes a sample from Labour Force Survey (LFS) respondents in Q1 2019 that agreed to be contacted for further research and covers various topics such as well-being, personal concerns, consumption, working life, and compliance with official COVID-19 advice. This paper will be analysing the results from the June 2020 release[29].

The CSO's 'Impact of selected COVID-19 supports' series 1[30] and 2[31] examine the extent to which employees' median weekly earnings and income were affected by the pandemic. It utilises employees' earnings data from the Revenue Commissioner and combines it with data on selected COVID-19 income support payments made to either: employees who had either lost their employment due to COVID-19 or, employees who had retained their employment and received COVID-19 income support payments via their employer. Employees in this series were categorised into groups based on whether they were Recipients or Non-Recipients of COVID-19 supports[32]. In this regard, a distinction had to be made between employee's earnings, which was the earnings employees received from their employment, and employees' income, which would include employment earnings of employees plus COVID-19 income supports. In all subsequent tables median weekly earnings/income is calculated at the employee level by dividing the number of active payroll weeks into the gross earnings amount. For COVID-19 support recipients, the CSO calculate median weekly income/earnings, and COVID-19 support income at the employee level by dividing the number of payroll weeks and support payment weeks into the total gross earnings and support income amount[33].

I. Effects of COVID-19 on Income

Figure 16 contextualises incomes on a broader scale by examining the median income of the total labour force population from the beginning of 2019 to the end of September 2020. COVID-19 support recipients who

---

See: https://www.cso.ie/en/releasesandpublications/er/lfs/labourforcesurveylfsquarter42019/

[29] The first Social Impact of COVID-19 survey was conducted in April 2020 and was comprised of 4,033 respondents and non-respondents. The sample for this second survey in June 2020 included the full April 2020 sample plus an additional 1,628 individuals selected from the LFS.
See: https://www.cso.ie/en/releasesandpublications/ep/p-sic19/socialimpactofCOVID-19surveyapril2020/workinglife/ and https://www.cso.ie/en/releasesandpublications/ep/p-sic19eep/socialimpactofCOVID-19surveyjune2020asnapshotofexperiencesandexpectationsinapandemic/resultsandanalysis/

[30] At the time of writing the 'Impact of selected COVID-19 income supports on Employees' published by the CSO currently has two instalments that is part of the 'Insights from Real Time Administrative Sources' Series. The first in the series of the Impact of selected COVID-19 income supports on Employees' and was published on December 17th 2020.
See:https://www.cso.ie/en/releasesandpublications/fp/fp-c19issse/impactofselectedCOVID-19incomesupportsonemployees-insightsfromrealtimeadministrativesourcesseries1/resultsandanalysis/

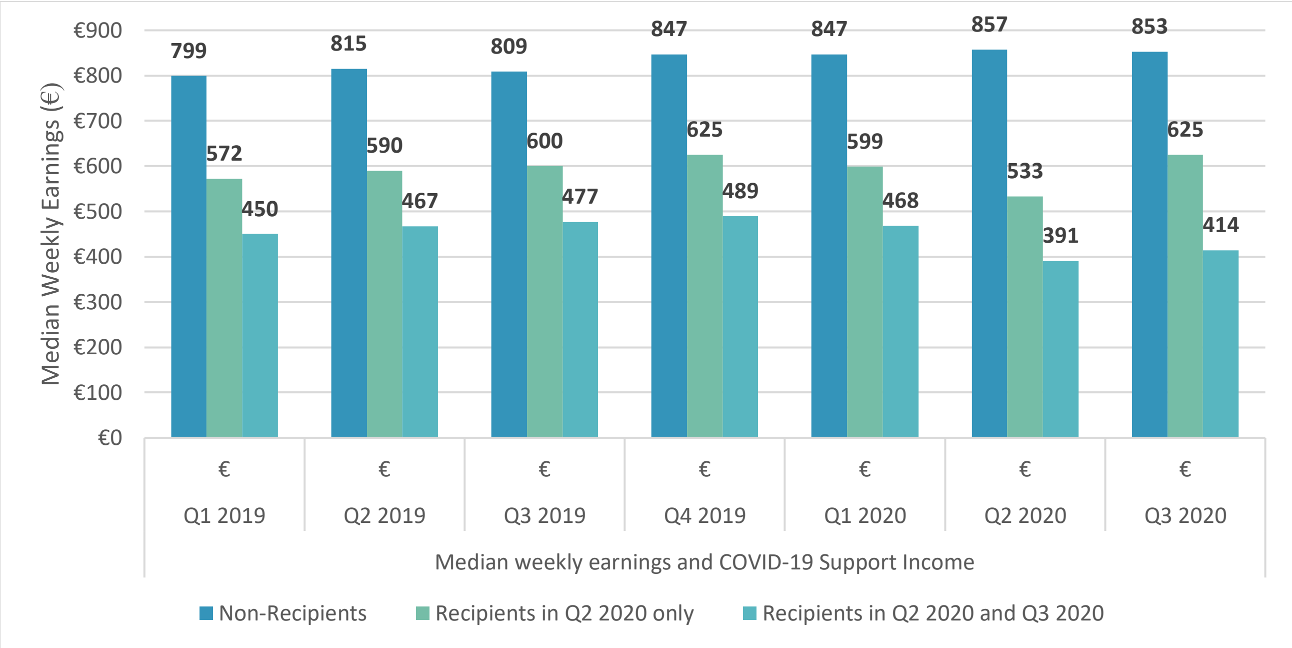
[31] The second in the 'Impact of selected COVID-19 income supports on Employees' series was published in on May 19th 2021.
See:https://www.cso.ie/en/releasesandpublications/fp/fp-c19issse/impactofcovid-19incomesupportsonemployeesq42020-insightsfromrealtimeadministrativesourcesseries2/

[32] COVID-19 Support Recipients is an umbrella term that combines recipients from the Pandemic Unemployment Payment, the Temporary Wage Subsidy Scheme and Employment Wage Subsidy Scheme.

[33] For a detailed description of the CSO's definitions for income and earnings please refer to the background notes for both series 1 and series 2 of the 'Impact of selected COVID-19 income supports on Employees' publications.
See:https://www.cso.ie/en/releasesandpublications/fp/fp-c19issse/impactofselectedcovid-19incomesupportsonemployees-insightsfromrealtimeadministrativesourcesseries1/backgroundnotes/ and, https://www.cso.ie/en/releasesandpublications/fp/fp-c19issse/impactofcovid-19incomesupportsonemployeesq42020-insightsfromrealtimeadministrativesourcesseries2/backgroundnotes/.

registered for supports in Q2 2020 but moved off supports in Q3 2020, saw their median weekly incomes increase by 17.3% or €92 on average (from €533 to €625) in Q3 2020[34]. This may be attributed to payment rates for COVID-19 supports being significantly lower than their pre-COVID-19 median incomes, with the maximum payment rate for PUP being €300, and for TWSS being €410 in Q2 2020. Recipients who remained on COVID-19 supports in both Q2 and Q3 2020 also saw a small increase in their median weekly income of €23 or 6% (from €391 in Q2 to €414) in Q3 2020, which was likely due to the addition of the €250 and new maximum €350 payment rates for the PUP on September 17th 2020. However, this increase in earnings for COVID-19 support recipients in both Q2 and Q3 of 2020 is still significantly below the median weekly earnings that this cohort made pre-pandemic, indicating that while pandemic social welfare scheme payments have somewhat alleviated the negative impact that COVID-19 has had on earnings, this has not fully supplemented or replaced incomes for the majority of those remaining on these COVID-19 supports.

Figure 16 - Median Weekly Earnings and COVID-19 Support Income of Employees, Comparison of Non-Recipients versus Recipients of COVID-19 Support Income by Quarter, Q1 2019 to Q3 2020



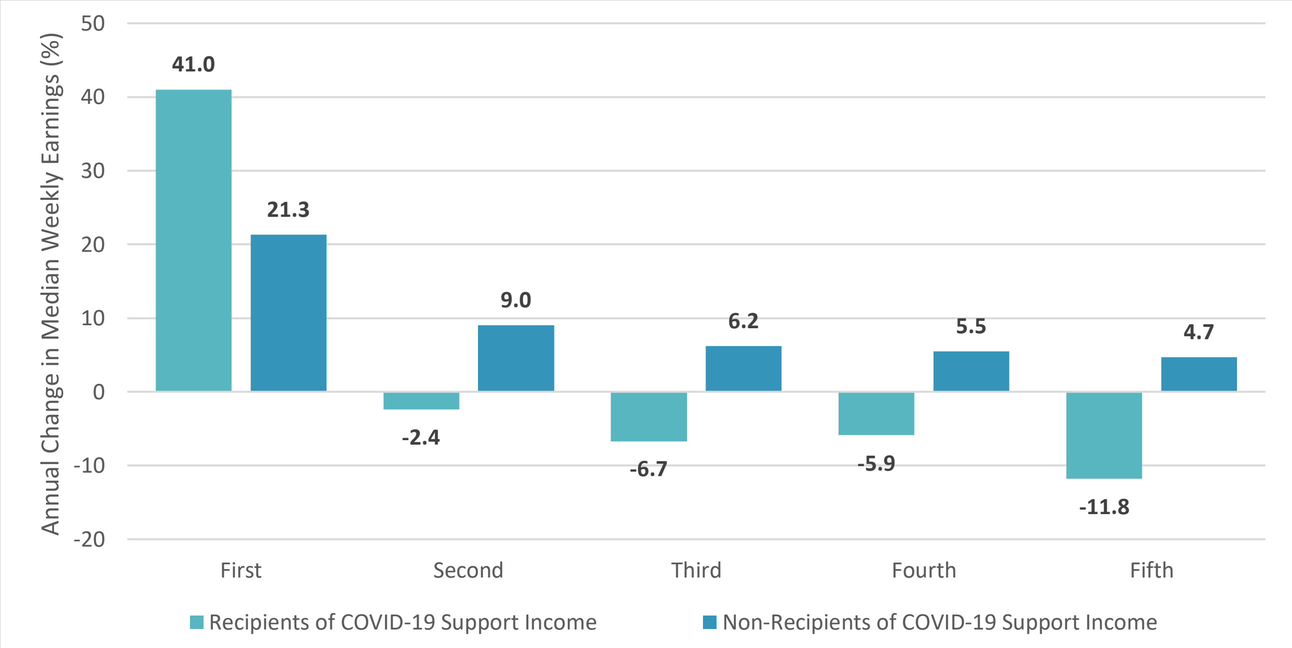
Source: CSO Impact of Selected Coivd-19 Supports Data Series 1 (December 2020).

Figure 17 demonstrates that lower income earners appear to have, on average, lost relatively less in terms median weekly earnings compared to higher income earners throughout the COVID-19 crisis, with some lower income individuals even seeing an increase in their median weekly earnings. Employees in the first quintile recorded the highest increase in incomes from Q4 2019 to Q4 2020, with 41% for recipients of COVID-19

[34] The CSO's decision to use gross figures when calculating COVID-19 recipient's median weekly incomes/earnings has led to higher averages for COVID-19 Support recipients as these gross figures would also include TWSS and EWSS earnings from their employment (which is in addition to the payment rates they would have received from pandemic payments). For further information see the CSO's background notes from the 'Impact of selected COVID-19 income supports on Employees' series 1. For further information see: https://www.cso.ie/en/releasesandpublications/fp/fp-c19issse/impactofselectedcovid-19incomesupportsonemployees-insightsfromrealtimeadministrativesourcesseries1/backgroundnotes/

supports, and 21.3% for Non-Recipients[35]. COVID-19 supports recipients in all other quintiles recorded reductions in their median weekly income in Q4 2020, with the largest decrease of 11.8% being recorded for the highest earners on COVID-19 supports in the fifth quintile. Therefore, while higher payment rates have alleviated the impact of COVID-19 for lower income earners, it may also have acted as a disincentive for these recipients to return to employment when lower level restrictions were in place[36]. The median weekly income for Non-Recipients increased in all quintiles, however, these increases became lower the higher up the income distribution the Non-Recipients were, with the smallest increase being 4.7% for the fifth quintile.

Figure 17 – Annual % Change in Median Weekly Earnings[37] Income of Employees, Comparison of Non-Recipients versus Recipients of COVID-19 Support Income by Quintile[38], Q4 2019 to Q4 2020



Source: CSO Impact of Selected Coivd-19 Supports Data Series 2 (May 2021).

[35] The data presented in figure 17 is at aggregate level and hence does not account for instances where Non-recipients may have moved off supports in the previous quarter, which would have caused a substantial increase in previous COVID-19 Support recipient's incomes, and may partly explain the substantial increase observed in Q42020. This assumption is further strengthen by the results shown in figure 16 when examining those who moved supports in Q3 of 2020.

[36] This can largely be attributed to these recipients automatically qualifying for €203 payment, whereas under the standard Live Register schemes (i.e. Jobseekers Benefit (JB) and Jobseekers Allowance (JA)) these lower income recipients may not have qualified (i.e. students and part-time workers), or previously been entitled to lower payment rates below €203.

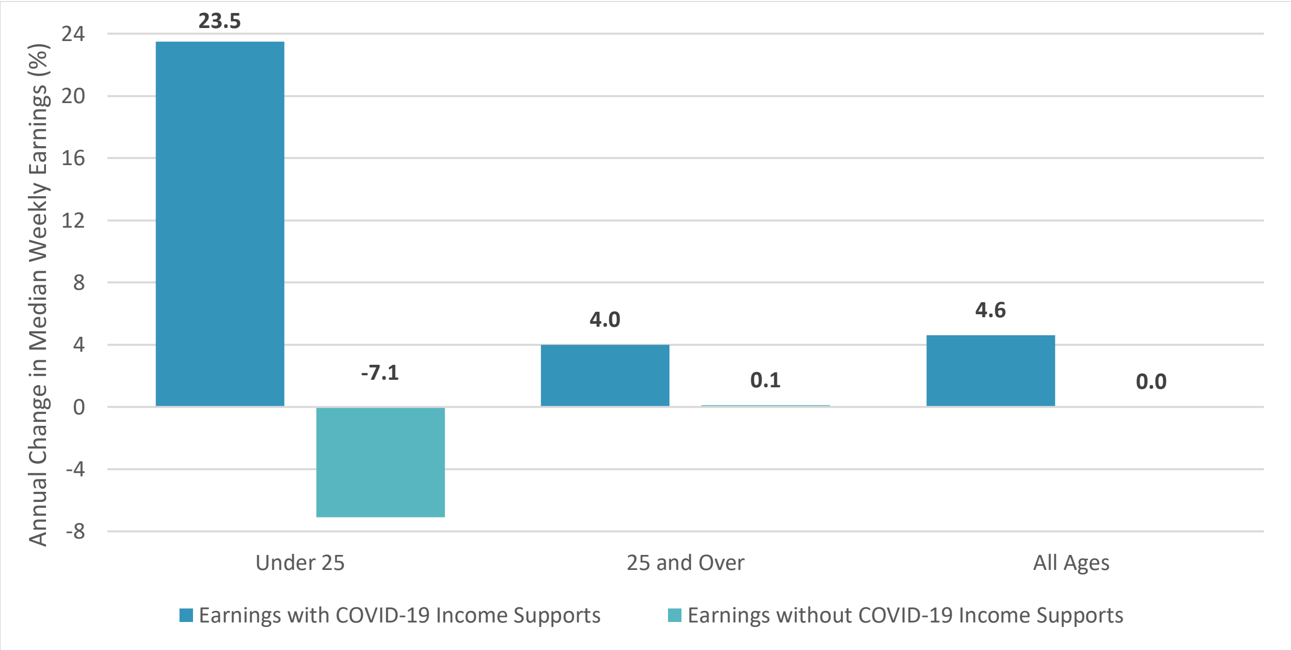
[37] The annual (yearly) percentage change measures the difference between median weekly earnings/incomes of Recipient and Non-Recipient employees in each quarter of 2019 which is then matched and compared to the same employees' median weekly income in the same quarter of 2020. In figure 17 and all subsequent figures, median weekly earnings/income data comes from the second instalment in series released in May 2021 and looks at the changes in annual median weekly earnings between Q4 2019 and Q4 2020. All employee earnings data is taken from Revenue's PAYE Modernisation (PMOD) dataset and is summarised at the employee level to create gross earnings per employee.

[38] Employees were divided into 5 equal sized groups (or quintiles) which was based upon their income earnings in each quarter of 2019. The lowest 20% of earners were in the first quintile, the next 20% of earners were in the second quintile etc. The median weekly income of Recipient and Non-Recipient employees in each quintile was measured in each quarter in 2019 and was then matched to the median weekly income of the same employees in the same quarter in 2020.

II. *Effects of COVID-19 on income by Age*

Subsequent analysis of the age distribution of COVID-19 support recipients shows that the growth in the median weekly income in the first quintile can potentially be attributed to increased earnings for younger age groups. Figure 18 examines the hypothetical situation of how median earnings would have been affected if no supports were made available to employees, and contrasts it with the actual situation, where employees have availed of COVID-19 income supports in addition to their employment earnings[39]. From Q4 2019 to Q4 2020, there was a noticeable shift in the annual percentage changes for median weekly earnings for COVID-19 support recipients. COVID-19 support recipients in all age categories recorded an increase in their median weekly earnings once COVID-19 supports were added to their incomes. The largest change in annual earnings was for the Under 25 age cohort which recorded an increase of 23.5% in their median weekly earnings. All other COVID-19 support recipients over the age of 25, recorded a more modest increase of 4% when COVID-19 supports were counted in their in their median weekly earnings.

Figure 18 – Comparison of Annual % Change in Median Weekly Earnings Income of Employees Before and After COVID-19 Supports were added by Age, Q4 2019- Q4 2020



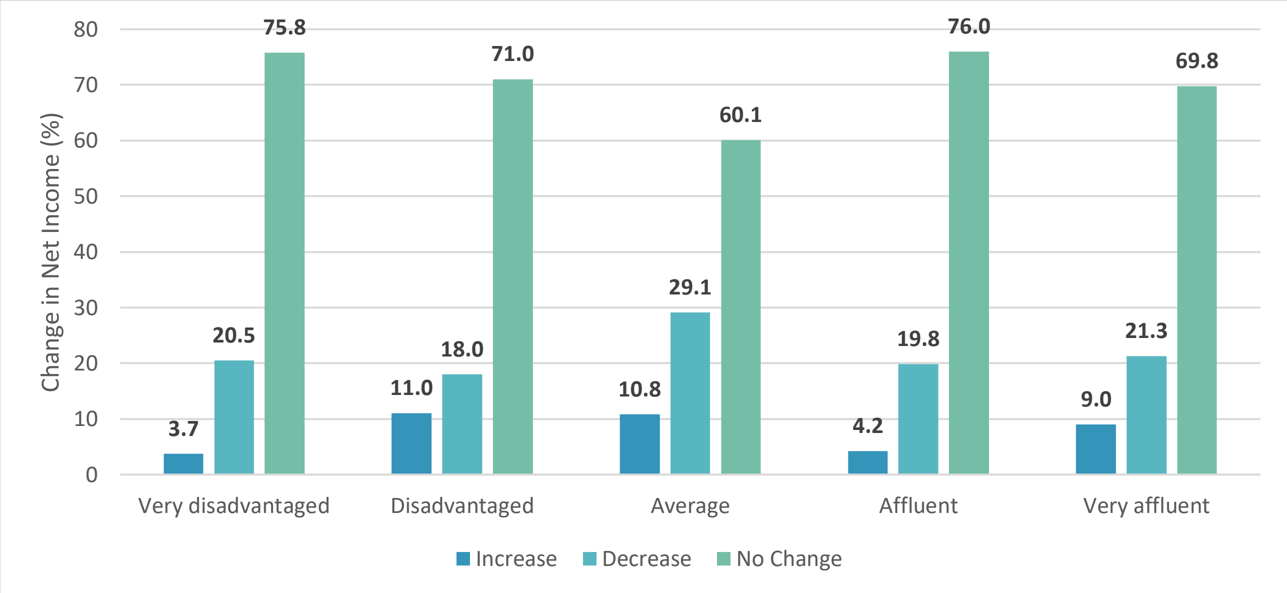
Source: CSO Impact of Selected Coivd-19 Supports Data Series 2 (May 2021).

[39] However, it should be noted that this hypothetical model does not account for situations where COVID-19 income supports were not available, and employees who lost their employment from the pandemic may have been eligible for Job Seekers Benefit or Assistance from the Department of Social Protection. For further information see the CSO's publication which provides further detailed analysis using this hypothetical scenario, see: https://www.cso.ie/en/releasesandpublications/fp/fp-c19issse/impactofcovid-19incomesupportsonemployeesq42020-insightsfromrealtimeadministrativesourcesseries2/backgroundnotes/ and revenues most recent publication published in June Statistics and Insights from the First Year of Real Time Payroll Reporting (PAYE Modernisation), see: https://www.revenue.ie/en/corporate/documents/research/pmod-statistics-paper.pdf

III. *Effects of COVID-19 by Poverty Indicators*

The second Social Impact of COVID-19 survey undertaken by CSO in June of 2020, provides a snapshot of people's initial experiences and expectations on the future of COVID-19 restrictions. One of the questions explored in the CSO survey was whether respondents believed that their net income had changed since the implementation of COVID-19 restrictions. Figure 19, below, categorises respondents' answers according to their areas, as grouped in the Deprivation Affluence status[40]. In general, across all deprivation affluence categories, it was found that respondents were more likely to observe decreases in their net incomes rather than increases. The Average category recorded the largest decrease in net incomes of 29%. Those living in Disadvantaged and Very disadvantaged areas also recorded a significant decrease in their net incomes of 18% and 20% respectively.

Figure 19 Change in Net Income since the Introduction of COVID-19 Restrictions by Deprivation Affluence, June 2020[41]



Source: CSO Social Impact of COVID-19 Survey June 2020: A Snapshot of Experiences and Expectations in a Pandemic (June 2020). Note: Levels of deprivation/affluence derived according to the Pobal HP Index.

In Figure 19, respondents from the same CSO survey in Figure 18 were also asked whether they spent or intended to spend any additional monies they had accumulated since the beginning of the pandemic (March 2020), and were allowed to select multiple responses for this question[42]. Savings and Home Improvements were the most commonly reported ways respondents intended to use some additional money across almost

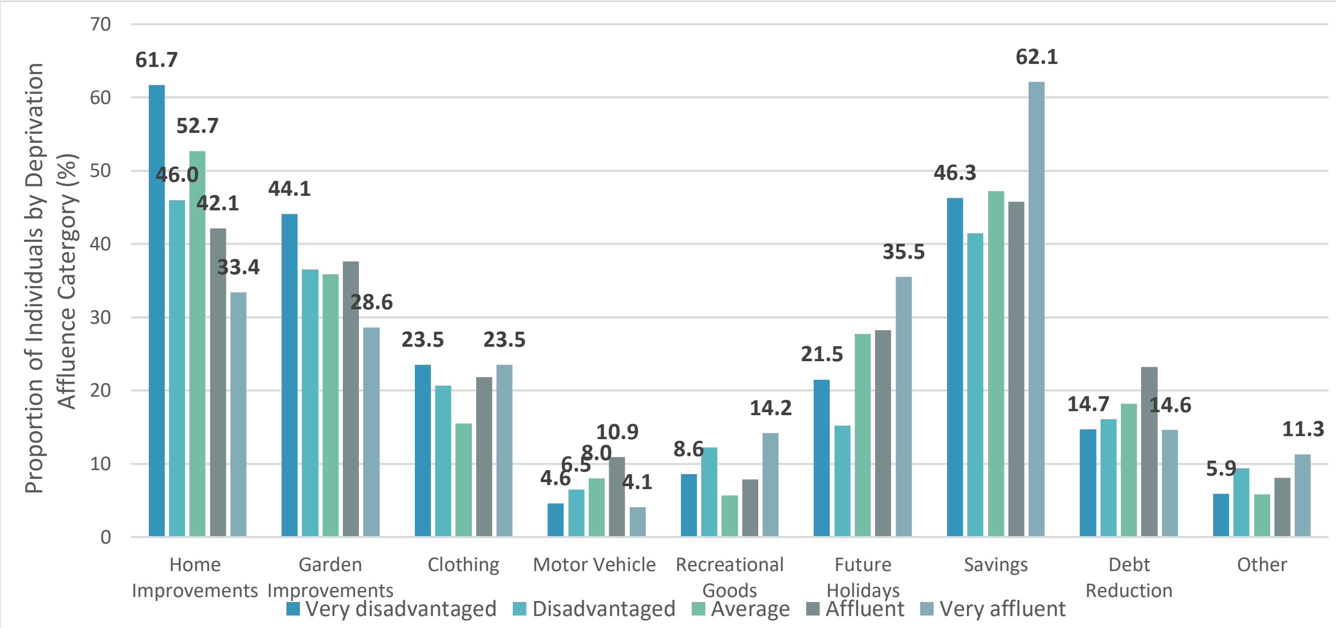
[40] The Deprivation Affluence or the Pobal Haase and Pratschke (HP) Deprivation Index is a series of maps measuring the relative affluence or disadvantage of a particular geographical area in the Republic of Ireland, using CSO Small Areas (SA) level data compiled from CSO population censuses. Essentially this index measures the extent to which an area can maintain its class position over time. The measurements look at 10 key indicators across 3 different dimensions: Demographic Profile, Social Class Composition, and Labour Market Situation. Survey responses were categorised by the area in which the respondents lived i.e. whether they live in a very affluent (wealthy area) or in a very disadvantaged (deprived) area.

[41] Note that percentages should sum to 100% within the deprivation affluence categories.

[42] This is the reason why all goods/services categories do not sum to 100%. Therefore, each bar in figure 20 should be read as the percentage of respondents that fell into that entire deprivation affluence category who selected that good/service category as one of their multiple responses.

all deprivation categories. Approximately, 62.1% of respondents who lived in Very Affluent Areas indicated they were most likely going to put their additional money towards savings, while 61.7% of respondents from Very Disadvantaged Areas were more likely to put their additional money towards Home Improvements with 61.7%. Respondents that lived in Disadvantaged Areas had the lowest reported share of Savings at 41.5%, while 33.4% of respondents from Very Affluent Areas were the least likely group to invest in Home Improvements. Assuming that some of the 11 items on the deprivation index fall into the main spending categories (i.e. Clothing, Home and Gardening improvements), this may lead to some lower income individuals temporarily moving out of deprivation, which may in turn impact the consistent poverty rate in 2020 SILC's release.

Figure 20 - Impact of COVID-19 on Spending/Spending Intentions with Additional Available Money[43] by Deprivation Affluence, June 2020



Source: CSO Social Impact of COVID-19 Survey June 2020: A Snapshot of Experiences and Expectations in a Pandemic (June 2020). Note: Levels of deprivation/affluence are derived according to the Pobal HP Index. For this specific table the CSO does not elaborate on goods or services that fall into these 9 categories.

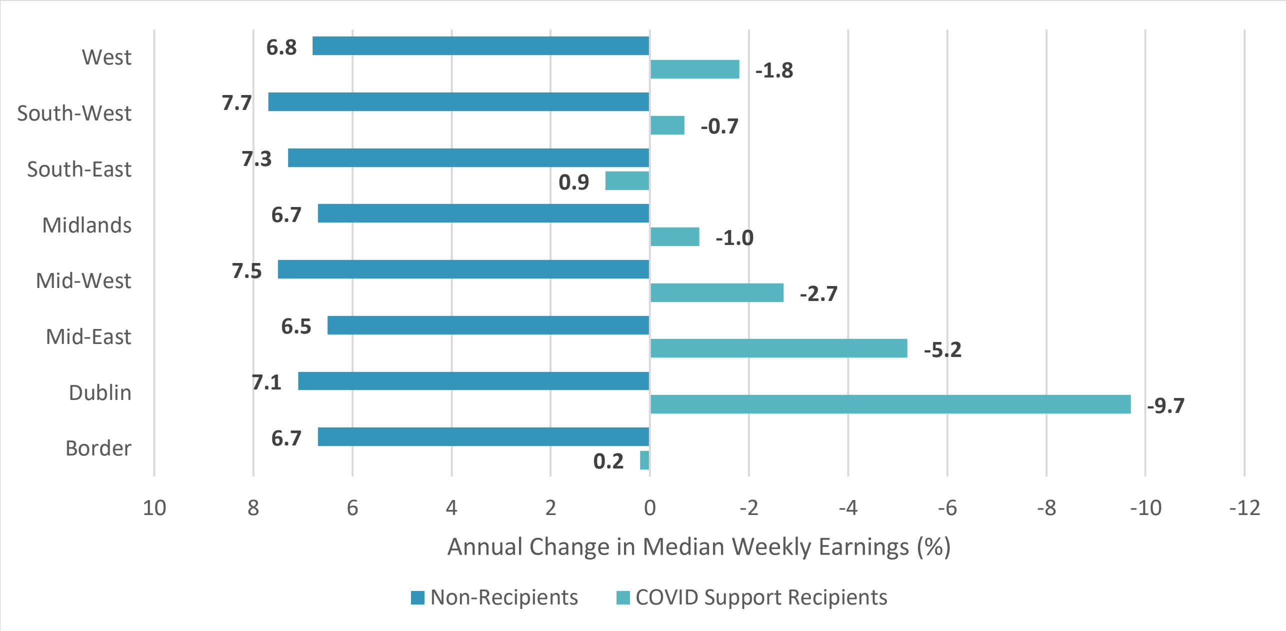
IV. Effects of COVID-19 on income by Region

On average, employees who did not receive COVID-19 payments recorded a growth in their median weekly income of around 7% in Q4 2020, when compared to the previous year. The South-West and Mid-West regions recorded the highest increase in median weekly income for Non-Recipients with 7.7% and 7.5% respectively. The Mid-Eastern region recorded the lowest increase in median income for Non-Recipients with 6.5%. In contrast, employees who did receive COVID-19 supports recorded an average decrease of around 4.8% in their median weekly income. COVID-19 support recipients in Dublin had the largest decrease in median incomes

[43] Spending intentions/additional money are savings that people have accrued since the beginning of the pandemic in March 2020 (i.e. travel cost, eating out, and retail savings). People can choose to use this additional money/savings to re-invest or top up their existing level of savings.

with 9.7% between Q4 2019 and Q4 2020, followed by employees in the Mid-East with a fall of 5.8% in their median incomes. The South-Eastern and Border regions were the only areas that recorded an increase in their median income for Recipients of COVID-19 supports with 0.9% and 0.2% respectively. These results largely correspond with the regional trends in income that were observed for the 2019 SILC release. The fact that COVID-19 support Recipients in Dublin and the Mid-East suffered the largest decreases in incomes can be attributed to their pre-COVID-19 incomes levels historically being significantly higher than in other regions. This would also explain why COVID-19 support Recipients in the South-East and Border regions saw increases in their income, as their pre-COVID-19 incomes levels were historically below the national average.

Figure 21 - Comparison of Annual % Change in Median Weekly Earnings between Non-Recipients and Recipients of COVID-19 Support Income by Region, Q4 2019 – Q4 2020

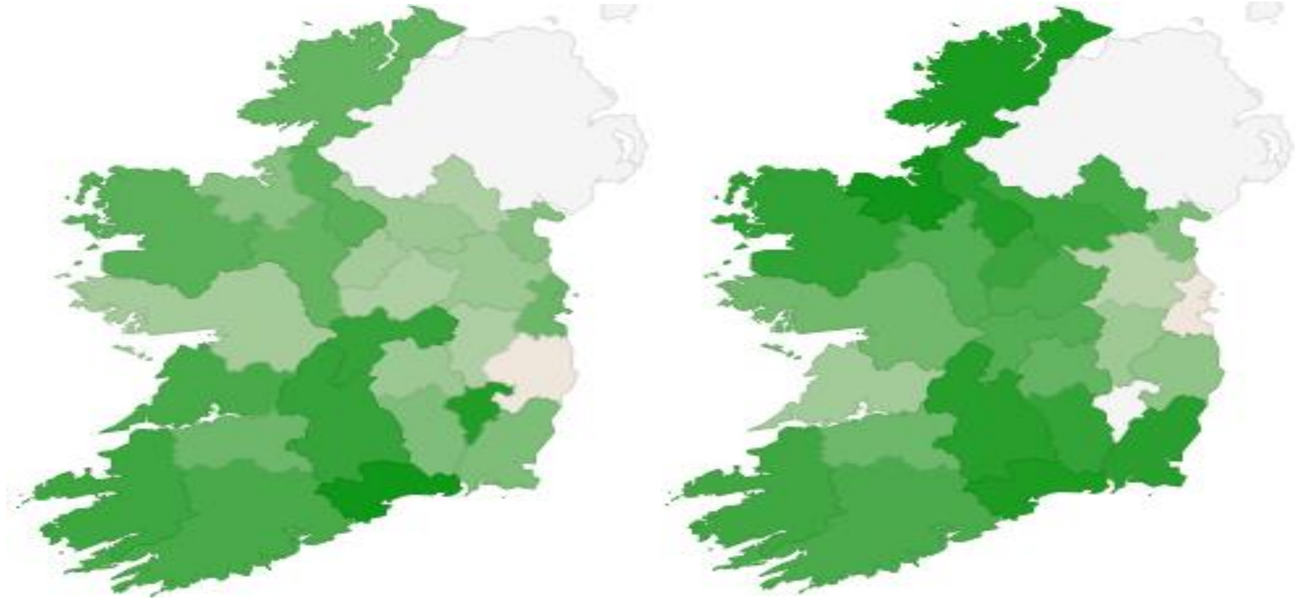


Source: CSO Impact of Selected Coivd-19 Supports Data Series 2 (May 2021).

COVID-19 support Recipients from the Greater Dublin Area (GDA) have experienced the largest reductions in income with 9.7% for Dublin, 6.8% for Meath, 5.3% for Kildare, and 4.6% for Wicklow. This can, in large part, be attributed to a greater population density and a larger concentration of higher wage paying sectors in these counties. In general, those on COVID-19 supports outside of the Dublin area have had less severe decreases in their income, with some counties even observing a slight increases in their incomes such as in Sligo with 2.4%, Donegal with 1.8% and Waterford with 1.7%. This indicates that since workers outside of Dublin are more likely to come from lower paying sectors, the move to COVID-19 supports would have had a less dramatic impact on their income and even increase incomes for some of the lowest earners[44]. The fact that, in Q4 of 2019, LFS respondents in Dublin had the lowest proportion of employees on the National Minimum Wage at 4%, while the Border regions had the highest at 12.4%, reinforces the notion that COVID-19 support recipients from regions outside of Dublin are on average lower earners.

[44] Source: National minimum wage percentages is taken from the CSO's latest available LFS National Minimum Wage Estimates for Q4 2019 see: https://www.cso.ie/en/releasesandpublications/er/lfsnmw/lfsnationalminimumwageestimatesq42019/

Figure 22 – Annual % Change in Median Weekly Earnings from Q4 2019 – Q4 2020, Comparison of Non-Recipients (left) versus Recipients (right) of COVID-19 Support Income by County[45].

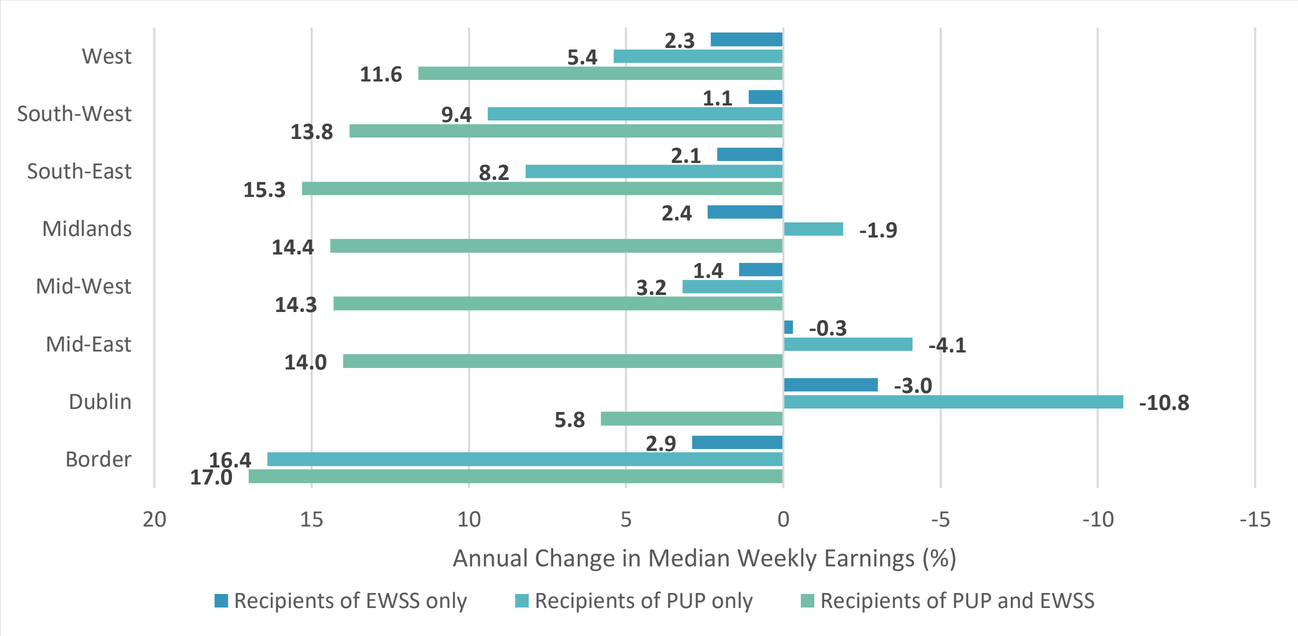


Source: CSO Impact of Selected Coivd-19 Supports Data Series 2 (May 2021).

Figure 23 below looks at the variation in regional annual changes to median weekly earnings, from Q4 2019 to Q4 2020 for COVID-19 supports recipients (either on EWSS or PUP). Dublin with -10.8%, the Mid-East with -4.1%, and the Midlands with -1.9%, were the only regions in which PUP recipients recorded a decrease in their median earnings. This implies that a large proportion of PUP recipients were higher income earners pre-COVID-19 in these regions than in other regions[46]. On a much more subtle level, EWSS recipients have only seen minor annual changes to their earnings, which can be attributed to recipients still being able to retain links to their employers and being able to continue working to some degree. EWSS recipients from Dublin and the Mid-East only observed small annual decreases in their median earnings of -3% and -0.3% respectively. All other regions recorded annual increases in their median earnings with Border counties, having on average, the largest annual increases in median earnings for both PUP and EWSS with 16.4% and 2.9% respectively.

[45] The darker the colour green is for a county, the higher its employee population is, while the lighter the green the colour is for a county, the lower its employee population number is. The map on the left looks at the employee population of Non-Recipients only, while the map on the right only examines the employee population of those on COVID-19 Supports.
[46] See discussion on national minimum wages for Figure 22.

Figure 23 - Comparison of Annual % Change in Median Weekly Earnings of COVID-19 Support Recipients, by Region Q4 2019 – Q4 2020



Source: CSO Impact of Selected Coivd-19 Supports Data Series 2, May 2021.

6. Conclusion

In 2019, the outlook for living standards was relatively positive with continued growth in employment earnings and social transfer income. While the interplay between the growth in employment and earnings along with increases in social transfers for the majority of the population 2019 should have improved overall living standards for many, the impact on the consistent poverty rate was almost neutral, decreasing from 5.6% in 2018 to 5.5% in 2019. The deprivation rate increased from 15.1% to 17.8% over the same period. This suggests that access to goods and services may not have moved in line with growth in incomes indicating an increase in the cost of living greater than the growth observed in incomes. Results from ad-hoc COVID-19 related publications from the CSO suggests that lower income and younger employees experienced an increase in incomes in 2020 due to the effect of COVID-19 supports exceeding their pre-COVID-19 income levels. These effects may feed through to the results of future SILC publications.

Income

In 2019, as a result of strong employment and income growth, and an increase in social transfer rates, income levels increased to exceed previous peak income levels observed in 2008.

- Real median equivalised disposable income per individual (i.e. inflation adjusted average income after taxation) was €23,413, €2,732 or 13.2% greater than in 2008.
- Nominal median equivalised disposable income per individual (i.e. average income after taxation that is not adjusted for inflation) was €23,979, €3,221 or 15.5% higher than in 2008.
- The growth in nominal income of €1,107 or 4.8% in 2019 was driven by an increase in direct income of 2.4% and in the value of social transfers of 9.2%.

- There was a large decrease in income in the 9th and 10th decile from self-employment; these increases contrasted to those in previous SILC releases and may be due to large decreases by a small number of self-employed individuals that have skewed results.
- In 2019, Ireland's Gini coefficient before social transfers stood at 38.9, compared to 28.8 after social transfers. This shows the work that Ireland's system of social transfers does to alleviate the market inequality that exists in the Irish economic system.

Poverty

While poverty rates were improving in line with growth in earnings, 2019's figures slightly deviated from previous trends, with only moderate declines in *Consistent poverty rates* and slight increases in *Deprivation rates*. This suggests that access to goods and services has not moved in line with growth in incomes indicating an increase in the cost of living greater than the growth observed in incomes.

- In 2019, Ireland's social transfers system reduced the *'At Risk of Poverty rate'* from 44.7% to 13.1%, a reduction of 32%, far exceeding the EU 27 average of 26.6%. While previously there had been a downward trend in the gap between before and after social transfer rates, 2019's figures slightly deviate from this trend, with before social transfers '*At Risk of Poverty rate'* increasing to 44.7% while after social transfers '*At Risk of Poverty rate'* continued to decrease to 12.8%.
- The *Consistent Poverty* rate declined slightly from 5.6% in 2018 to 5.5%, while the *Deprivation* rate increased from 15.1% in 2018 to 17.8% in 2019.
- Older people of pensionable age had the lowest *Consistent poverty (2.3%)* and *Deprivation rates* (11.2%) in 2019, while children (aged 0-17) had the highest level at 8.1% and 23.3% in 2019, respectively.
- Despite children having the highest poverty rates for both the *Consistent poverty* and *Deprivation rates,* this has reduced by 4.6 ppts and 14.2 ppts from 2013 to 2019, the greatest reductions seen across all age cohorts for both measures.

Regional Analysis

While there were marked improvements for a number of regions in income and poverty indictors in 2019, these improvements were not in uniformly observed for all regions.

- The real disposable median income in Dublin and the Mid-East consistently performed better than the national average, while other regions performed below the national average. Incomes in Dublin and the Mid-East were 16% and 8% higher than the national average respectively, while the Border region was 21% lower.
- The *Consistent poverty rate* was highest in the Border region and South-East region at 8.2% and 10.1% respectively. However, while this is a decrease in the consistent poverty rate for Border region since 2018, it is an increase for the South-East region. The South-West Region saw the largest decrease in consistent poverty rate to 3.4% in 2019.

- While the Mid-East recorded a reduction of 2.8% in the *Consistent poverty rate,* the *Deprivation rate* actually increased by 6.1%, indicating that more people were unable to afford at least one or more of the 11 essential goods used as deprivation indicators in this region compared to 2018.

Preliminary indications of the Impact of COVID-19

Since March 2020, large declines in median income and earnings were observed on average for those on COVID-19 supports. However, lower income households and persons under 25 experienced an increase in their incomes due to the COVID-19 supports.

- The median weekly income of employees who were COVID-19 support recipient in the first income quintile increased by 41% between Q4 2019 to Q4 2020 while Recipients in all other quintiles, on average, experienced drops falls in median weekly over the same period.
- Between Q4 2019 to Q4 2020 recipients of COVID-19 supports in the under 25 employee age group recorded an annual increase in median weekly earnings of 23.5%, with all other COVID-19 support recipients over the age of 25 recording a more modest increase of 4% in annual weekly earnings.
- COVID-19 support recipients who registered for supports in Q2 2020 but moved off supports in Q3 2020, saw annual average increase in median weekly earnings of 17.3% or €92 (from €533 to €625) in Q3 2020.
- There is no direct data on the impact of COVID-19 on poverty. Although in a survey conducted by the CSO in June of 2020, employee respondents living in Average Disadvantaged areas have the highest share of its population reporting a decrease in their net income (29.1%) followed by Very Affluent areas (21.3%) followed by Very Disadvantaged areas (20.5%).
- In the same survey conducted in June 2020, these respondents were also asked what they spent or intended to spend any additional monies they had accumulated since March 2020. The population of respondents living in Very Disadvantaged areas, were most likely to put their additional money towards Home Improvements (61.7%), Savings (46.3%) and Gardening Improvements (44.1%).

Regional analysis not only demonstrated the differential impact that COVID-19 has had on incomes for Recipients and Non-Recipients of COVID-19 supports across regions, but also the regional disparity between PUP and EWSS recipients.

- COVID-19 support recipients in Dublin and the Mid-East had the largest decrease in incomes with 9.7% and 5.8%, While Non-Recipients recorded the highest increases in income in the South-West and the Mid-West Regions with 7.7% and 7.5%.
- Dublin with -10.8%, the Mid-East with -4.1%, and the Midlands with -1.9%, were the only regions in which PUP recipients recorded an annual decrease in their median earnings. Even accounting for population density does not fully explain this level of decrease, subsequently implying that a significantly large proportion of PUP recipients were mainly higher income earners in these regions.

In contrast, EWSS recipients with recipients from Dublin and the Mid-East only observed a small annual decreases in their median earnings of -3% and -0.3% respectively.

Appendix

I. A - Regions of Ireland

Ireland organises statistical data for regions is organised along NUTS (Nomenclature of Territorial Units for Statistics) classification which is based on population sizes. Ireland only has one NUTS Level 1 region which is the country as a whole. NUTS 2 & 3 classifications apply to smaller areas of the country while the smallest region recognised by the EU is the county. NUTS 2 regions were reorganised in 2018 to better reflect the amalgamation of local authorities and the establishment of three regional assemblies. North Tipperary was amalgamated with South Tipperary and moved from the South-East region to the Mid-West region, and Louth was moved from the Border region to the Mid-East region.

NUTS regions are regulated and agreed by Eurostat in conjunction with each member-state. Ireland's NUTS 2 & 3 regions correspond as follows:

Table 3 - NUTS 2 regional classifications

Map Colour	Region Name	NUTS 3 Regions Included
Blue	Northern & Western Region	Border, West
Red	Eastern & Midland Region	Midlands, Mid-East, Dublin
Green	Southern Region	South-East, South-West, Mid-West

Table 4 - NUTS 3 regional classifications

Map No.	Region Name	Local Government areas included
1	Border Region	Cavan, Donegal, Leitrim, Monaghan, Sligo
2	West Region	Mayo, Roscommon, Galway and Galway City
3	Midland Region	Laois, Longford, Offaly, Westmeath
4	Mid-East Region	Kildare, Meath, Wicklow, Louth
5	Dublin Region	Dún Laoghaire–Rathdown, Fingal, South Dublin and Dublin City
6	South-East Region	Carlow, Kilkenny, Wexford, Waterford City & County
7	South-West Region	Kerry, Cork and Cork City
8	Mid-West Region	Clare, Tipperary, Limerick City & County

Figure 2 - NUTS 3 regional classifications (reflecting 2018 changes)

II. B - Deprivation Indicators

An individual is considered to be deprived if they cannot afford to buy 2 of the 11 items outlined as part of the deprivation index. The index was developed by the ESRI and has been used to measure poverty in Ireland since 1987. The index was revised in 2007 to reflect current living standards and to focus to a great degree on social inclusion and participation in society. The 11 deprivation indicators are set out below.

Table 5 - Deprivation Index

No.	Deprivation Indicator
1	Unable to afford two pairs of strong shoes
2	Unable to afford a warm waterproof overcoat
3	Unable to buy new, not second-hand clothes
4	Unable to afford to eat meals with meat, chicken, fish (or vegetarian equivalent) every second day
5	Unable to have a roast joint or its equivalent once a week
6	Go without heating during the last year through lack of money
7	Unable to keep the home adequately warm
8	Unable to buy presents for family or friends at least once a year
9	Unable to replace any worn out furniture
10	Unable to have family or friends for a drink or meal once a month
11	Unable to have a morning, afternoon or evening out in the last fortnight, for entertainment

Quality Assurance process

To ensure accuracy and methodological rigour, the author engaged in the following quality assurance process.

- ✓ Internal/Departmental
    - ✓ Line management
    - ✓ Spending Review Steering group
    - ✓ Other Divisions/Sections
- ✓ External
    - ✓ Other Government Department
    - ✓ Peer review (IGEES network, seminars, conferences etc.)