Social Inclusion Monitor 2014
# Table of Contents

Summary ............................................................................................................................................. 1  
Statement from the Tánaiste and Minister for Social Protection ................................................. 2  
Ráiteas ón Tánaiste agus Aire Coimirce Sóisialaí ........................................................................ 4  
Section 1: Defining the targets and indicators .............................................................................. 6  
  1.1 Introduction ............................................................................................................................. 6  
Section 2: Macro-economic and social context .............................................................................. 13  
  2.1 Macro-economic and labour market indicators .................................................................... 13  
  2.2 Social protection indicators ................................................................................................. 14  
Section 3: Progress towards the national social target for poverty reduction and supporting indicators ................................................................................................................................. 17  
  3.1 Headline target ...................................................................................................................... 17  
  3.2 Medium-term perspective on consistent poverty .................................................................... 18  
  3.3 Vulnerable to consistent poverty .......................................................................................... 19  
  3.4 Basic deprivation .................................................................................................................... 20  
  3.5 At-risk-of-poverty .................................................................................................................. 22  
  3.6 Impact of social transfers on the at-risk-of-poverty rate ...................................................... 23  
  3.7 Anchored at-risk-of-poverty ................................................................................................. 24  
  3.8 Medium-term perspective on the supporting indicators ...................................................... 25  
Section 4: The Europe 2020 poverty target ................................................................................... 26  
  4.1 Irish contribution to Europe 2020 poverty target .................................................................. 26  
  4.2 Medium-term perspective on combined poverty .................................................................... 27  
  4.3 Progress towards the Europe 2020 poverty target ............................................................... 27  
  4.4 Impact of social transfers on at-risk-of-poverty rate across the EU ...................................... 28  
  4.5 Impact of social transfers on income inequality in the EU .................................................... 29  
Section 5: Child poverty target and related indicators ................................................................. 31  
  5.1 Child social target .................................................................................................................. 31  
  5.2 Consistent poverty rates by household composition .............................................................. 33  
  5.3 Other poverty indicators for children and young people ..................................................... 34  
  5.4 Medium-term perspective on the child-specific social target .............................................. 36  
Section 6: Life-cycle groups and social inclusion indicators ...................................................... 37  
  6.1 Consistent poverty rate for social groups .............................................................................. 37  
  6.2 Social inclusion indicators .................................................................................................... 38  
Section 7: Spatial distribution of poverty ..................................................................................... 41  
  7.1 Rate of consistent poverty by region .................................................................................... 41  
  7.2 Rate of consistent poverty by rural-urban characteristics .................................................... 43  
Appendix 1: Technical note on SILC ......................................................................................... 44  
Appendix 2: Glossary ..................................................................................................................... 45
List of Boxes
Box 1: Indicators used to define the target population............................... 8
Box 2: Vulnerable to consistent poverty indicator...................................... 11
Box 3: Measurement of Quality of Life .................................................... 30

List of Figures
Figure 3.1 Progress towards the national social target for poverty reduction .... 17
Figure 3.2 Vulnerable to consistent poverty ............................................. 19
Figure 3.3 Basic deprivation................................................................. 20
Figure 3.4 Basic deprivation items .......................................................... 21
Figure 3.5 At-risk-of-poverty ................................................................. 22
Figure 3.6 Impact of social transfers on the at-risk-of-poverty rate ............... 23
Figure 3.7 At-risk-of-poverty anchored in 2010 values ................................ 24
Figure 4.1 Ireland’s contribution to the Europe 2020 poverty target .............. 26
Figure 4.2 Progress towards the Europe 2020 poverty target ....................... 28
Figure 4.3 Poverty reduction effect of social transfers in the EU-28, 2014 ....... 29
Figure 4.4 Impact of social transfers on income inequality in the EU-28, 2014 ... 29
Figure 5.1 Progress on the child-specific social target ................................ 31
Figure 5.2 Consistent poverty rates for adults and children ......................... 32
Figure 5.3 Consistent poverty rates for households with and without children (individuals) ........................................................................... 33
Figure 5.4 Consistent poverty rates by household type, 2014 (individuals) .... 34
Figure 5.5 At-risk-of-poverty anchored in 2010 values, by age group .......... 36

List of Tables
Table 1.1 The national social target for poverty reduction............................ 7
Table 1.2 Supporting indicators for the national social target for poverty reduction .. 10
Table 2.1 Macro-economic and labour market indicators .......................... 13
Table 2.2 Welfare expenditure and beneficiaries ...................................... 14
Table 2.3 Social protection expenditure (as a % of GDP) ......................... 15
Table 2.4 Key welfare indicators ............................................................. 16
Table 3.1 Medium-term perspective on consistent poverty ......................... 18
Table 3.2 Basic deprivation rates by item and year ..................................... 21
Table 3.3 Medium-term perspective on the supporting indicators ............... 25
Table 4.1 Medium-term perspective on combined poverty ........................................ 27
Table 5.1 Other poverty indicators for children and young people ......................... 35
Table 5.2 Medium-term perspective on the child poverty indicator .......................... 36
Table 6.1 Consistent poverty rate for social groups (individuals) ............................ 38
Table 6.2 Social inclusion indicators ..................................................................... 40
Table 7.1 Consistent poverty rates by rural-urban characteristics ......................... 43

List of Maps
Map 1: Rate of consistent poverty in NUTS 3 regions, 2014 ................................. 42
Summary

The purpose of the Social Inclusion Monitor is to report officially on progress towards the national social target for poverty reduction, including the sub-target on child poverty and Ireland’s contribution to the Europe 2020 poverty target. It also presents information on supporting indicators of poverty and social exclusion. This Monitor refers to the year 2014, which is the latest data available from the CSO Survey on Income and Living Conditions (published in November 2015) and from Eurostat (published in December 2015).

Key findings

- 2014 saw the key poverty targets stabilise: consistent poverty decreased marginally to 8 per cent while the rate for children was 11.2 per cent (from 11.7 per cent). Meanwhile, ‘combined poverty’, the basis for the Irish contribution to the Europe 2020 poverty target, was 37.3 per cent in 2014 (from 37.5 per cent).
- Looking at the supporting indicators, basic deprivation fell by 1.5 percentage points to 29 per cent, the first reduction since 2007.
- While the at-risk-of-poverty rate increased by 1.1 percentage points to 16.3 per cent. This was mainly due to a rise in real median disposable income of 3.5 per cent, driven by higher direct income from employment.
- The improvement in the poverty targets was driven by the continued recovery in economic growth and a further fall in unemployment of about 2 percentage points.
- The social welfare system continued to play an important role in alleviating poverty. Social transfers (excluding pensions) lifted over a fifth of the population out of at-risk-of-poverty, representing a poverty reduction effect of 56 per cent. Ireland was among the best performing EU member states at reducing poverty.
- The national social target for poverty reduction remains challenging with a gap of 4 percentage points to be bridged to meet the interim target of 4 per cent by 2016.
- Looking at the life-cycle, the consistent poverty rate for older people is 2.1 per cent. Among people of working-age the unemployed and lone parents face the highest poverty risk at almost three times the average.
Statement from the Tánaiste and Minister for Social Protection

I welcome the publication of the Social Inclusion Monitor 2014. This is the fourth year of the Monitor, which was originally introduced to improve the monitoring of the national social target for poverty reduction.

For the first time since the economic crisis poverty levels have stabilised. Consistent poverty decreased marginally to 8 per cent in 2014, leaving a gap of 4 percentage points to be bridged to meet the interim target of 4 per cent by 2016.

I am pleased that this target has already been met for older people but am concerned about the social and economic consequences of children being brought up in poverty over a sustained period of time. To deliver on the child poverty target, we are implementing a whole-of-government approach as a priority action under the national policy framework for children and young people.

It is clear from the analysis that the social protection system continued to play an important role in alleviating poverty and inequality in 2014. Ireland is the best performing EU member state in reducing poverty and income inequality through social transfers, higher than the Scandinavian countries and about twice as effective as the EU average. This reinforces the crucial role the Irish welfare system has played in protecting the vulnerable in society.
To enhance the impact of the recovery on households, Budget 2016 focused on measures to improve the lives and living standards of every person and every family in the country. For example, the Government committed over €200 million to support families with children through higher income supports and increased provision of early childhood care and education and other forms of childcare.

The social impact assessment of Budget 2016 shows that average household incomes increase by 1.6 per cent (€14.30 per week). Low income households and households with children, including working lone parents and unemployed couples with children, are the biggest beneficiaries of the Budget.

These improvements show that we have kick-started the social recovery and are on the right path to meeting the national social target for poverty reduction by 2020. We have updated the National Action Plan for Social Inclusion for the period 2015 – 2017 to reinforce Government actions to meet the interim target of 4 per cent by 2016. The updated Plan has 14 high level goals that better reflect the current issues and interventions to tackle poverty and social exclusion.

The Monitor confirms that access to the labour market is important for tackling poverty in welfare-dependent households. The new Pathways to Work 2016 - 2020 Strategy will focus on making sure jobseekers can get access to good quality work, training and education opportunities. Secure and fairly paid work is the best protection against poverty. Behind every new job is a person or family benefitting from the wider economic recovery.

I expect that with further improvements in the economy, increased employment levels and the impact from recent welfare measures, household incomes and living standards will recover.

Joan Burton TD
Tánaiste and Minister for Social Protection
Ráiteas ón Tánaiste agus Aire Coimirce Sóisialaí

Cuirim fáilte roimh fhoilsú an Mhonatóra um Chuimsiú Sóisialta 2014. Is í seo ceathrú bliain an Mhonatóra, a tugadh isteach ar dtús chun monatóireacht ar an sprioc shóisialta náisiúnta um laghdú bochtaineachta a fheabhsú.

Don chéad uair ón ngéarchéim eacnamaíoch tá leibhéil bhochtaineachta cobhsaí. Laghdaigh bochtaineacht chomhsheasmhach beagán go dtí 8 faoin gcéad, rud a d’fhág bearna 4 phointe céadadán le líonadh chun an sprioc eatramhach de 4 faoin gcéad a bhaint amach faoi 2016.

Tá áthas orm go bhfuil an sprioc sin bainte amach cheana féin i gcás daoine scothaosta ach is cúis imní dom na hiarmhairtí sóisialta agus eacnamaíochta do leanaí atá ag fás aníos i mbochtaineacht thar tréimhse leanúnach ama. Chun an sprioc bochtaineachta leanaí a sholáthar, támid ag glacadh le cur chuige uile-Ríaltais mar gníomháiocht tosaíochta faoin gcreid beartais náisiúnta do leanaí agus do dhaoine óga.

Is léir ón anailís gur lean an córas coimirce sóisialaigh ar aghaidh leis an ról tábhachtach atá aige bochtaineacht agus neamhionannas a mhaolú in 2014. Tá Éire ar an mballstát is feidhmíúla san AE ó thaobh bochtaineacht agus neamhionannas a laghdú trí aistrithe sóisialta, níos airde ná na tíortha Lochláannach agus dhá oiread níos éifeachtaí ná mar atá meán an AE. Treisíonn sé seo ról rithábhachtach atá ag córas leasa na hÉireann cosaint a chur ar fáil do na daoine is leochaillí sa tsochaí.
D’fhonn tionchar an t-éarnaimh ar theaqhlaigh a ghnóthú, dhírigh Buiséad 2016 ar bhearta a chuirfeadh feabhas ar shaol agus ar chaighdeáin mhaireachtála gach duine agus gach teaghlach sa tír. Mar shampla, gheall an Rialtas os cionn €200 milliún chun tacú le teaghlaigh le leanaí trí thacaíochtaí ioncaim níos airde agus soláthar mheadaithe cúram agus oideachais luathóige agus cineálach a eile cúram leanaí.

Léiríonn measúnacht tionchar shóisialta Bhuiséad 2016 ardú 1.6 faoin gcéad (€14.30 in aghaidh na seachtaine) ar mheánioncaim teaghlaigh. Teaghlaigh ar ioncam íseal agus teaghligh le leanaí, lena n-áirítear tuismitheoirí ioncam níos airde agus lánúineacha difhostaithe le leanaí, is mó a bhaineann tairbhe as an mBuiséad.

Léiríonn na feabhsuithe seo go bhfuil tús curtha agaínn leis an t-éarnamh sóisialta agus go bhfuilimid ar an mbóthar ceart chun an sprioc shóisialta náisiúnta um laghdú bochtaineachta a bhaint amach faoi 2020. Tá an Plean Gníomhacht Náisiúnta um Chuimsiú Sóisialta don tréimhse 2015-2017 tugtha cothrom le dáta agaínne chun an sprioc eatramhach de 4 faoin gcéad a bhaint amach faoi 2016. Tá 14 sprioc ardleibhéil sa Phlean nuashonraithe a thugann léiriú níos fearr ar na saincheisteanna reatha agus na hidirghabháilacha chun dul i ngleic le bochtaineacht agus eisaimh sóisialta.

Dearbhaíonn an monatóir go bhfuil rochtain ar an margadh saothar tábhachtach d’fhonn dul i ngleic le bochtaineacht do theaghlach agat á thabhairt ar an ghrá is fearr gach duine. Díreachd an Stráitéis na Cosáin chuig an Obair 2016 – 2020 ar a chinntiú go bhfaighidh lucht cuardaigh fostaíochta rochtain ar obair, oiliúint agus deiseanna oideachais ar ardchaighdeán. Tá obair shlián a íoctar go cothrom ar an gcosaint is fearr in aghaidh na bochtaineachta. Laistiar de gach post nua tá duine nó teaghlaigh ag baint tairbhe as an t-éarnamh eacnamaíoch níos leithne.

Sílim go bhfeabhsóidh caighdeáin mhaireachtála agus ioncaim teaghligh mar thoradh ar thuilleadh feabhsuithe sa gheilleagar, leibhéal fostaíochta mhéadaithe agus ar an tionchar ó bhearta leasa le déanaí.

Joan Burton TD
Tánaiste agus Aire Coimirce Sóisialaí
Section 1: Defining the targets and indicators

1.1 Introduction

The purpose of the Social Inclusion Monitor is to report on progress towards meeting the national social target for poverty reduction by providing regular, timely and accessible updates on key national indicators. The Monitor is one of two instruments to strengthen the implementation of the national social target, the other being integrated social impact assessment\(^1\). This is the fourth edition of the Monitor.

The statistical data presented in the Monitor relate to 2014\(^2\) and are taken from the latest *Survey on Income and Living Conditions* (SILC), published by the Central Statistics Office (CSO) in November 2015, with additional comparative data published by Eurostat in December 2015.\(^3\) The focus of the Monitor is on social and economic outcomes as they relate to poverty and social exclusion; it does not examine the implementation of policies on poverty.\(^4\) The Monitor is produced by the Social Inclusion Division in the Department of Social Protection, as part of its remit to monitor poverty trends and progress towards the national poverty targets.

There are six elements to the Monitor:

- a) the macro-economic and social context;
- b) the national social target for poverty reduction and supporting indicators which underpin progress towards the target;
- c) the Irish contribution to the Europe 2020 poverty target;
- d) the child poverty target and related indicators;
- e) poverty among life-cycle groups and social inclusion indicators; and
- f) the spatial distribution of poverty.

---


\(^2\) The income reference period covered by SILC 2014 is from January 2013 to December 2014.


\(^4\) For information on high level goals and actions implemented to support the national social target for poverty reduction refer to the *Social Inclusion Report incorporating Annual Reports for 2013 and 2014* and the *National Social Report for Ireland* ([www.welfare.ie](http://www.welfare.ie)) and the *National Reform Programme for Ireland Update under the Europe 2020 Strategy* published by Department of An Taoiseach ([www.taoiseach.gov.ie](http://www.taoiseach.gov.ie)).
The Irish Government defines poverty as:

*People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources, people may be excluded and marginalised from participating in activities which are considered the norm for other people in society. (Government of Ireland, 1997)*

This definition captures the multi-dimensional nature of poverty. Since 1997 Ireland has developed national anti-poverty strategies to provide a strategic framework in which to tackle poverty and social exclusion. The current strategy, the National Action Plan for Social Inclusion, was recently updated for the period 2015 - 2017 to reinforce Government actions to meet the interim poverty target of 4 per cent by 2016. The national action plan uses a life-cycle approach which places the individual at the centre of policy development and delivery by assessing risks and supports available at key stages of the life-cycle. The updated Plan has 14 high level goals that better reflect the current issues and interventions to tackle poverty and social exclusion.

The main focus of the Monitor is on progress towards the national social target for poverty reduction. Table 1.1 sets out the headline target and its component parts: the Irish contribution to the Europe 2020 poverty target and the child poverty target.

**Table 1.1 The national social target for poverty reduction**

<table>
<thead>
<tr>
<th>Target</th>
<th>Target description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headline target</td>
<td>To reduce consistent poverty to 4 per cent by 2016 and to 2 per cent or less by 2020, from the 2010 baseline rate of 6.3 per cent.</td>
</tr>
<tr>
<td>Europe 2020 poverty target</td>
<td>To reduce by a minimum of 200,000 the population in ‘combined poverty’ between 2010 and 2020.</td>
</tr>
<tr>
<td>Child poverty target</td>
<td>To lift over 70,000 children (aged 0-17 years) out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level.</td>
</tr>
</tbody>
</table>

Box 1 outlines the indicators used to define the population for the national social target for poverty reduction.
Box 1: Indicators used to define the target population

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

Consistent poverty reflects a multi-dimensional understanding of poverty and is designed to identify the population which has the greatest needs in terms of both low income and lack of resources. Research in Ireland has also found that during recessionary times, the consistent poverty indicator is particularly effective in capturing perceived economic stress and risk factors associated with poverty.\(^5\)

By contrast, Ireland’s contribution to the Europe 2020 target is measured by the combination of at-risk-of-poverty and basic deprivation (including consistent poverty). A person is in combined poverty if they are either income poor or deprived.

The Europe 2020 poverty target is to lift at least 20 million people out of the risk of poverty or social exclusion by 2020 (as measured by the combination of three EU indicators). All 28 EU Member States have set national targets for contributing to the Europe 2020 objective for reducing poverty or social exclusion. Ireland’s contribution to the EU target is to reduce by a minimum of 200,000 the population of at-risk-of-poverty and/or in basic deprivation (see box 1). The Irish target equates to 1 per cent to the overall EU poverty target, in line with the population share.

In recognition of the higher risks and life-long consequences of child poverty, a child-specific target was set in the National Policy Framework for Children and Young People 2014-2020 (Better Outcomes, Brighter Futures) in 2014. The target is to lift over 70,000 children (aged 0-17 years) out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level. This target will include reducing the higher consistent poverty risk for households with children as compared to non-child households (8.8 per cent vs 4.2 per cent), and for children as compared to adults (aged 18 years and over) (9.3 per cent vs. 6 per cent).

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

- ‘vulnerable to consistent poverty’;
- the impact of social transfers; and
- at-risk-of-poverty anchored in 2010 values.

---

6The Europe 2020 poverty target defines its target population using a combination of three indicators (at-risk-of-poverty, severe material deprivation and very low work intensity), a group which is described as being at risk of poverty or social exclusion.
### Table 1.2 Supporting indicators for the national social target for poverty reduction

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vulnerable to consistent poverty</strong></td>
<td>The percentage of the population experiencing basic deprivation and whose income is between 60% and 70% of the median.</td>
</tr>
<tr>
<td><strong>Basic deprivation</strong></td>
<td>People are regarded as experiencing basic deprivation if they live in a household deprived of 2 or more of the 11 basic deprivation items because they could not afford them (i.e. not by choice).</td>
</tr>
<tr>
<td><strong>At-risk-of-poverty</strong></td>
<td>People are regarded as being at-risk-of-poverty if their equivalised income is below 60% of the median income.</td>
</tr>
<tr>
<td><strong>Impact of social transfers on at-risk-of-poverty (excluding pensions)</strong></td>
<td>The impact of social transfers is measured by the percentage reduction, in absolute and relative terms, in the at-risk-of-poverty rate as a result of social transfers (excluding pensions).</td>
</tr>
<tr>
<td><strong>Anchored at-risk-of-poverty</strong></td>
<td>The percentage of the population with an equivalised disposable income below 60% of median income anchored in 2010 values.</td>
</tr>
</tbody>
</table>

---

7 Pensions are generally excluded as they are considered an inter-generational transfer rather than a social transfer (see Social Protection Committee (2012), *Social Europe: Current Challenges and the Way Forward: Annual Report of the Social Protection Committee (2012)*, Belgium: European Union).

8 This indicator reflects changes in fixed living circumstances. Therefore, it is a useful indicator at a time of economic uncertainty, as it measures real incomes and changes.
Box 2: Vulnerable to consistent poverty indicator
The ‘vulnerable to consistent poverty’ indicator (see Box 3) captures the overlap of basic deprivation and households whose equivalised income is between 60% and 70% of the median. It complements the consistent poverty indicator as during a recession, falling incomes may make the poverty threshold less reliable as an indicator of change over time.⁹

The Monitor also presents a breakdown of the population using the consistent poverty indicator; along with specific indicators reflecting national and European policy concerns, such as income inequality, food poverty, financial exclusion and in-work poverty. Finally, the Monitor includes a spatial analysis of key poverty trends. The *National Action Plan for Social Inclusion* includes a commitment to build viable and sustainable communities, improving the lives of people living in disadvantaged areas. There is a limit to which SILC data can be disaggregated by area due to sample size constraints. Therefore, the Monitor only reports on the consistent poverty indicator by region and by rural-urban characteristics.

---

⁹ Watson, D, Maitre, B and Whelan, C. T. (2012) op. cit. Basic deprivation is considered an effective measure as it has a strong link with risk factors for poverty and, during recessionary times, it captures changes sooner than other measures. At-risk-of-poverty has a number of drawbacks during periods of rapid economic growth or decline. For example, during downturns when median income is falling, the decrease in the threshold could result in less people being at-risk-of-poverty, though their real income has not changed. There is also a delay in the measurement of income changes as the income reference period is the 12 months preceding the survey (Ibid).
Each indicator is analysed individually in the Monitor, using a diagram to represent change since the baseline year (generally 2010), together with a short commentary. In order to put the annual data into a wider timeframe, the headline and supporting indicators are presented for the periods 2005 to 2008 (economic growth) and 2009 to 2014 (economic crisis / early recovery).
Section 2: Macro-economic and social context\textsuperscript{10}

2.1 Macro-economic and labour market indicators

Table 2.1 summarises the macro-economic and labour market indicators for 2014 as compared with previous years. Economic activity as measured by Gross National Product (GNP) grew by 6.9 per cent in 2014, compared with an increase of 4.6 per cent in 2013. This followed a period of major economic decline between 2009 and 2011. Inflation, as measured by the consumer price index, was 0.2 per cent in 2014. This compares to inflation rates of -4.5 per cent for 2009, 2.6 per cent in 2011 and 0.5 per cent in 2013.

Table 2.1 Macro-economic and labour market indicators

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross National Product\textsuperscript{11}</th>
<th>Inflation</th>
<th>Unemployment rate\textsuperscript{12}</th>
<th>Long-term unemployment rate\textsuperscript{13}</th>
<th>Participation rate</th>
<th>Total persons aged 18-59 years living in jobless households\textsuperscript{14}</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>6.3%</td>
<td>2.5%</td>
<td>4.4%</td>
<td>1.5%</td>
<td>62.2%</td>
<td>8.4%</td>
</tr>
<tr>
<td>2006</td>
<td>7.3%</td>
<td>4.0%</td>
<td>4.5%</td>
<td>1.4%</td>
<td>63.2%</td>
<td>7.9%</td>
</tr>
<tr>
<td>2007</td>
<td>3.9%</td>
<td>4.9%</td>
<td>4.7%</td>
<td>1.4%</td>
<td>64.1%</td>
<td>7.9%</td>
</tr>
<tr>
<td>2008</td>
<td>-1.8%</td>
<td>4.1%</td>
<td>6.5%</td>
<td>1.7%</td>
<td>63.6%</td>
<td>9.0%</td>
</tr>
<tr>
<td>2009</td>
<td>-8.0%</td>
<td>-4.5%</td>
<td>12.1%</td>
<td>3.5%</td>
<td>62.0%</td>
<td>12.7%</td>
</tr>
<tr>
<td>2010</td>
<td>2.2%</td>
<td>-1.0%</td>
<td>13.9%</td>
<td>6.8%</td>
<td>60.7%</td>
<td>14.6%</td>
</tr>
<tr>
<td>2011</td>
<td>-0.8%</td>
<td>2.6%</td>
<td>14.7%</td>
<td>8.6%</td>
<td>60.2%</td>
<td>15.5%</td>
</tr>
<tr>
<td>2012</td>
<td>1.6%</td>
<td>1.7%</td>
<td>14.7%</td>
<td>9.0%</td>
<td>59.9%</td>
<td>15.9%</td>
</tr>
<tr>
<td>2013</td>
<td>4.6%</td>
<td>0.5%</td>
<td>13.1%</td>
<td>7.9%</td>
<td>60.2%</td>
<td>14.7%</td>
</tr>
<tr>
<td>2014</td>
<td>6.9%</td>
<td>0.2%</td>
<td>11.3%</td>
<td>6.6%</td>
<td>60.0%</td>
<td>13.6%</td>
</tr>
<tr>
<td>2015</td>
<td>5.7%</td>
<td>-0.3%</td>
<td>9.4%</td>
<td>5.3%</td>
<td>60.0%</td>
<td>12.4%</td>
</tr>
</tbody>
</table>

Source: CSO surveys – national accounts; consumer price index, QNHS, various years

\textsuperscript{10} An overview of the main policy measures introduced over this period is available in \textit{Distributional Impact of Tax, Welfare and Public Service Pay Policies: Budget 2014 and Budgets 2009-2014} and \textit{Summary of 2014 Budget Measures Policy Changes}.

\textsuperscript{11} At constant market prices referenced to 2013

\textsuperscript{12} Figures based on Seasonally Adjusted Annual Average Standardised Unemployment rate

\textsuperscript{13} Figures based on annual averages

\textsuperscript{14} The QNHS defines this indicator as total persons aged 18 to 59 years living in households where no member of the household is working. Students aged 18 to 24 years living in households composed solely of students are excluded. The data for 2009 to 2013 has been revised as the new CSO series excludes student only houses. This is in line with the approach by Eurostat.
Both the unemployment rate and the long-term unemployment rate continued to fall in 2014, following a period of continuous increase between 2008 and 2012. The unemployment rate went from 13.1 per cent in 2013 to 11.3 per cent in 2014. The long-term unemployment rate reduced to 6.6 per cent in 2014 from 7.9 per cent in 2013. The participation rate was largely stable in 2014, remaining at 60 per cent. A related labour market indicator, the proportion of total persons aged 18-59 years living in jobless households, declined from 14.7 per cent in 2013 to 13.6 per cent in 2014.

2.2 Social protection indicators

Table 2.2 provides an overview of social welfare expenditure and beneficiaries. In 2014, total social welfare expenditure was €19.8 billion. It remained broadly static between 2009 and 2014. Social welfare expenditure as a proportion of GNP fell to 12.5 per cent in 2014, from 13.8 percent in 2013.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total social welfare expenditure</th>
<th>Social welfare expenditure as a % of GNP</th>
<th>No. of social welfare recipients</th>
<th>No. of qualified adults</th>
<th>No. of qualified and other children</th>
<th>No. of beneficiaries</th>
<th>No. of beneficiaries as a % of the population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>€12.2bn</td>
<td>8.4%</td>
<td>976,613</td>
<td>119,223</td>
<td>373,270</td>
<td>1,469,106</td>
<td>35.5%</td>
</tr>
<tr>
<td>2006</td>
<td>€13.6bn</td>
<td>8.5%</td>
<td>1,003,517</td>
<td>118,110</td>
<td>385,197</td>
<td>1,506,824</td>
<td>35.5%</td>
</tr>
<tr>
<td>2007</td>
<td>€15.5bn</td>
<td>9.2%</td>
<td>1,060,327</td>
<td>125,938</td>
<td>391,214</td>
<td>1,577,479</td>
<td>36.0%</td>
</tr>
<tr>
<td>2008</td>
<td>€17.8bn</td>
<td>11.1%</td>
<td>1,208,883</td>
<td>145,236</td>
<td>445,756</td>
<td>1,799,875</td>
<td>40.1%</td>
</tr>
<tr>
<td>2009</td>
<td>€20.5bn</td>
<td>14.7%</td>
<td>1,379,206</td>
<td>175,037</td>
<td>522,013</td>
<td>2,076,256</td>
<td>45.8%</td>
</tr>
<tr>
<td>2010</td>
<td>€20.9bn</td>
<td>15.1%</td>
<td>1,430,833</td>
<td>190,043</td>
<td>558,522</td>
<td>2,179,428</td>
<td>47.8%</td>
</tr>
<tr>
<td>2011</td>
<td>€21.0bn</td>
<td>15.1%</td>
<td>1,467,129</td>
<td>197,730</td>
<td>583,425</td>
<td>2,248,284</td>
<td>49.0%</td>
</tr>
<tr>
<td>2012</td>
<td>€20.8bn</td>
<td>14.7%</td>
<td>1,468,481</td>
<td>205,684</td>
<td>593,334</td>
<td>2,267,499</td>
<td>49.5%</td>
</tr>
<tr>
<td>2013</td>
<td>€20.3bn</td>
<td>13.8%</td>
<td>1,467,918</td>
<td>202,559</td>
<td>602,526</td>
<td>2,273,003</td>
<td>49.5%</td>
</tr>
<tr>
<td>2014</td>
<td>€19.8bn</td>
<td>12.5%</td>
<td>1,440,876</td>
<td>194,190</td>
<td>584,596</td>
<td>2,219,662</td>
<td>48.2%</td>
</tr>
<tr>
<td>2015</td>
<td>€19.96bn</td>
<td>11.0%</td>
<td>1,377,558</td>
<td>182,568</td>
<td>550,862</td>
<td>2,110,988</td>
<td>45.5%</td>
</tr>
</tbody>
</table>

Source: Department of Social Protection Statistical Information on Social Welfare Services, various years; the revised DSP End of Month December 2012 – Recipients of Weekly Scheme Payments.

15 See definition provided in the Glossary in Appendix 2
16 Recipients of child benefit are not included. There were minor revisions to the figures published in the 2012 report due to a revised methodology; as such the figures quoted for that year are based on the revised December 2012 monthly statistics.
Over 1.4 million people were in receipt of a weekly social welfare payment in 2014. Including the 194,190 qualified adults and 584,596 qualified children, there were 2,219,662 beneficiaries of social protection in 2014, amounting to 48.2 per cent of the population. This compared to 49.5 per cent in 2013.

Table 2.3 provides an overview of trends in social protection expenditure as a percentage of Gross Domestic Product (GDP) in comparison with the EU-28 average. Expenditure increased from 13.5 per cent in 2008 to 16.5 per cent in 2009, before falling to 13.2 per cent in 2014. In 2014, Ireland’s social protection expenditure (13.2 per cent) was below the EU-28 average of 19.5 per cent.

Table 2.3 Social protection expenditure (as a % of GDP)\textsuperscript{17}

<table>
<thead>
<tr>
<th></th>
<th>Ireland</th>
<th>EU-28</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sickness/disability</td>
<td>3.2%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Old age</td>
<td>3.1%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Survivors</td>
<td>0.9%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Family/children</td>
<td>2.9%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Unemployment</td>
<td>1.6%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Other</td>
<td>1.7%</td>
<td>1.9%</td>
</tr>
<tr>
<td>\textit{Total social protection}</td>
<td>13.5%</td>
<td>16.5%</td>
</tr>
</tbody>
</table>

Source: Eurostat General government expenditure function (COFOG), various years. Extracted 8 April, 2016

Table 2.4 shows the key welfare indicators for 2014 and other years. The minimum personal rate for people under 66 years of age was unchanged at €188 in 2014. The minimum personal rate as a percentage of the at-risk-of poverty threshold was 89.8 per cent in 2014, compared with 93.2 per cent in 2013. This reflects the rise in income due to increased employment.

\textsuperscript{17} The data source for this graph has changed from last year’s Monitor due to the lack of availability of up-to-date Eurostat ESSPROS figures. See: http://ec.europa.eu/eurostat/web/social-protection/data/database. The data in this table are extracted from Eurostat’s General Government Expenditure Function (COFOG), which does not provide the option to break down social protection expenditure by whether it is means-tested. See: http://appsso.eurostat.ec.europa.eu/nui/show.do.
The qualified adult rate also remained unchanged at €124.80 per week in 2014. The qualified child rate increased to €29.80 per week in 2010 and has stayed at this rate since. Child Benefit was standardised at €130 per child per month in 2013 and remained at this rate in 2014. There were changes made to the Back to School Clothing and Footwear Allowance in 2013, when it fell from €150 per annum in 2012 to €100 per annum. It stayed at this rate in 2014.

Table 2.4 Key welfare indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum personal rate††</td>
<td>€204.30</td>
<td>€196.00</td>
<td>€188.00</td>
<td>€188.00</td>
<td>€188.00</td>
<td>€188.00</td>
<td>€188.00</td>
</tr>
<tr>
<td>(per week)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At-risk-of-poverty threshold</td>
<td>€231.20</td>
<td>€213.78</td>
<td>€208.68</td>
<td>€203.55</td>
<td>€201.82</td>
<td>€209.39</td>
<td>not available</td>
</tr>
<tr>
<td>Minimum personal rate as a % of the at-risk-of-poverty threshold</td>
<td>88.4%</td>
<td>91.7%</td>
<td>90.1%</td>
<td>92.4%</td>
<td>93.2%</td>
<td>89.8%</td>
<td>not available</td>
</tr>
<tr>
<td>Qualified adult rate (per week)</td>
<td>€135.60</td>
<td>€130.10</td>
<td>€124.80</td>
<td>€124.80</td>
<td>€124.80</td>
<td>€124.80</td>
<td>€124.80</td>
</tr>
<tr>
<td>Qualified child rate (per week)</td>
<td>€26.00</td>
<td>€29.80</td>
<td>€29.80</td>
<td>€29.80</td>
<td>€29.80</td>
<td>€29.80</td>
<td>€29.80</td>
</tr>
<tr>
<td>Back to School Clothing and Footwear Allowance†† (per annum)</td>
<td>€200</td>
<td>€200</td>
<td>€200</td>
<td>€150</td>
<td>€100</td>
<td>€100</td>
<td>€100</td>
</tr>
<tr>
<td>Child benefit (per month)</td>
<td>€166</td>
<td>€150</td>
<td>€140</td>
<td>€140</td>
<td>€130</td>
<td>€130</td>
<td>€135</td>
</tr>
<tr>
<td>Total child income support (weekly equivalent)</td>
<td>€68.01</td>
<td>€68.13</td>
<td>€65.83</td>
<td>€64.87</td>
<td>€61.61</td>
<td>€61.61</td>
<td>€62.76</td>
</tr>
<tr>
<td>Child income support as a % of the minimum personal rate</td>
<td>33.3%</td>
<td>34.8%</td>
<td>35.0%</td>
<td>34.5%</td>
<td>32.8%</td>
<td>32.8%</td>
<td>33.4%</td>
</tr>
</tbody>
</table>

Source: SILC and Department of Social Protection Statistical Information on Social Welfare Services, various years

Overall, the combined value of child income support across the three strands for families on social welfare was almost €62 per week in 2014, no change on the 2013 figure. This represented 32.8 per cent of the minimum personal rate in 2014.²⁰

---

†† This is the standard personal rate for working-age schemes. The supplementary welfare allowance is slightly lower at €186 per week.

†† This is the Back to School Clothing and Footwear Allowance for children aged 4-11 years. The weekly equivalent figures are: €3.83 in 2009 to 2011, €2.87 in 2012 and €1.92 in 2013 and 2014.

²⁰ Goal 4 of the National Action Plan for Social Inclusion 2007-2016 is to maintain the combined value of child income support measures at 33 to 35 per cent of the minimum adult social welfare payment rate.
Section 3: Progress towards the national social target for poverty reduction and supporting indicators

3.1 Headline target

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

Figure 3.1 shows the consistent poverty rate in 2014 is 8 per cent. While not a statistically significant change on the 2013 figure (8.2 per cent), it is positive to see the trend has established.\textsuperscript{21} Currently, a reduction of 4 percentage points (50 per cent) is required to meet the 2016 interim target. Numerically, 369,000 people were in consistent poverty in 2014.\textsuperscript{22}

\textbf{Figure 3.1 Progress towards the national social target for poverty reduction}

\begin{center}
\begin{tabular}{|c|c|c|c|c|c|c|c|c|c|}
\hline
\hline
Rate & 6.3\% & 6.9\% & 7.7\% & 8.2\% & 8.0\% & 4.0\% & & & \\
Nos. (\textquotesleft\textquotesc{000s}) & 287 & 317 & 353 & 377 & 369 & & & & \\
\hline
\end{tabular}
\end{center}

Source: SILC, various years

\textsuperscript{21} Further analysis by the CSO is required to determine if the changes between 2010 and 2014 are statistically significant.

\textsuperscript{22} This is based on a CSO population estimate of 4,609,627 in 2014.
3.2 Medium-term perspective on consistent poverty

Table 3.1 compares the changes in consistent poverty rates across two time periods; economic growth (2005 to 2008) to economic crisis / early recovery (2009 to 2014). This type of analysis contrasts with the trend analysis used in the rest of the Monitor, which can focus on peaks and troughs. The time period analysis neutralises any oscillations or extremes giving a clear sense of the contrast between poverty rates in Ireland during contrasting periods in the economic cycle.

The Table shows there was an increase of 1.4 percentage points in consistent poverty over the two periods. This shows the social impact of the economic crisis.

Table 3.1 Medium-term perspective on consistent poverty

<table>
<thead>
<tr>
<th></th>
<th>2005 - 2008</th>
<th>2009 - 2014</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistent poverty</td>
<td>5.7%</td>
<td>7.1%</td>
<td>↑ 1.4 (pp)</td>
</tr>
</tbody>
</table>

Source: SILC, various years
3.3 Vulnerable to consistent poverty

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

Figure 3.2 shows that the vulnerable to consistent poverty indicator was 3.9 per cent in 2014, largely unchanged from the 2013 figure of 4 per cent.\textsuperscript{23} Numerically, there were 180,000 people vulnerable to consistent poverty in 2014.

\textbf{Figure 3.2 Vulnerable to consistent poverty}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure3.2.png}
\caption{Vulnerable to consistent poverty}
\end{figure}

\begin{tabular}{l|ccccc}
\hline
\hline
Vulnerable to consistent poverty & 3.9\% & 3.8\% & 4.1\% & 4.0\% & 3.9\% \\
Vulnerable to consistent poverty (\'000s) & 178 & 174 & 188 & 184 & 180 \\
\hline
\end{tabular}

Source: SILC, various years

\textsuperscript{23} Combining the vulnerable to consistent poverty rate with those experiencing consistent poverty gives a combined figure of 11.9 per cent in 2014, down from 12.2 per cent in 2013.
3.4 Basic deprivation

People are in basic deprivation if they live in a household lacking 2 or more of 11 basic necessities.

Basic deprivation improved in 2014 and now affects 29 per cent of the population (down 1.5 percentage points on the 2013 rate). This is the first reduction in the rate since 2007, though the change was not statistically significant. Numerically, 1.3 million people experienced basic deprivation in 2014.

Figure 3.3 Basic deprivation

Table 3.2 shows the rate of basic deprivation by item. Overall, 14.6 per cent of people were in households deprived of one item only, 8.8 per cent on two items only, and 20.2 per cent were deprived of three or more items.
Table 3.2 Basic deprivation rates by item and year

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>% deprived on exactly 1 item</td>
<td>13.5%</td>
<td>15.7%</td>
<td>16.1%</td>
<td>14.3%</td>
<td>14.6%</td>
</tr>
<tr>
<td>% deprived on exactly 2 items</td>
<td>8.5%</td>
<td>9.1%</td>
<td>9.3%</td>
<td>9.7%</td>
<td>8.8%</td>
</tr>
<tr>
<td>% deprived on 3+ items</td>
<td>14.1%</td>
<td>15.4%</td>
<td>17.6%</td>
<td>20.9%</td>
<td>20.2%</td>
</tr>
</tbody>
</table>

Source: SILC, various years

Figure 3.4 shows the individual items of basic deprivation in 2014. The four most common basic deprivation items are being unable to afford to replace worn out furniture (25.5 per cent), a morning, afternoon or evening out in the last fortnight (22.2 per cent), to have family or friends for a drink or meal once a month (19.3 per cent) and going without heating at some stage in the last year (15.7 per cent). Compared to 2013, one of the 11 items increased; two remained the same, and eight of the items fell.  

Figure 3.4 Basic deprivation items

Source: SILC, various years

24 Increased: family or friends for a drink or meal once a month; Same: new (not second-hand) clothes; without heating at some stage in the last year; Decreased: remaining items.
3.5 At-risk-of-poverty

People are at-risk-of-poverty if their equivalised household income is below 60% of the median.

Figure 3.5 shows the at-risk-of-poverty rate was up 1.1 percentage points to 16.3 per cent in 2014, though not a statistically significant change. Numerically, there were 751,000 people at-risk-of-poverty in 2014.

In 2014, the at-risk-of-poverty threshold was €209.39 per week for a single person. This compares to €201.82 per week in 2013. There was also an increase in the depth of poverty (as measured by the relative at-risk-of-poverty gap\textsuperscript{25}) which went from 17.5 per cent in 2013 to 18.6 per cent in 2014.

Figure 3.5 At-risk-of-poverty

\textsuperscript{25} See definition provided in the Glossary in Appendix 2
3.6 Impact of social transfers on the at-risk-of-poverty rate

The impact of social transfers in reducing the at-risk-of-poverty rate in absolute and percentage terms (excluding pensions).

In 2014, social transfers (excluding pensions) reduced the at-risk-of-poverty rate from 37.4 per cent to 16.3 per cent, or 21.1 percentage points in absolute terms (left-hand side of Figure 3.6). This represents a poverty reduction effect of 56.4 per cent (right-hand side of Figure 3.6). The comparable figure in 2013 was 60.4 per cent.26 This is amongst the best in the EU (see section 4).

Figure 3.6 Impact of social transfers on the at-risk-of-poverty rate

The reduction including pensions was from 49.3 per cent (before social transfers) to 16.3 per cent (after social transfers), a ‘poverty reduction effect’ of 66.9 per cent.

Source: SILC, various years

---

26 The reduction including pensions was from 49.3 per cent (before social transfers) to 16.3 per cent (after social transfers), a ‘poverty reduction effect’ of 66.9 per cent.
3.7 Anchored at-risk-of-poverty

The percentage of the population with an equivalised disposable income below 60% of median income, anchored in 2010 values.

Figure 3.7 shows that in 2014 the at-risk-of-poverty rate anchored in 2010 values was 19.3 per cent. There was a slight decrease on the rate of 20 per cent in 2013, though this may not be statistically significant. In 2014, the anchored at-risk-of-poverty threshold remained at €224 per week for an individual.

**Figure 3.7 At-risk-of-poverty anchored in 2010 values**

Source: CSO SILC, various years
3.8 Medium-term perspective on the supporting indicators

Table 3.3 compares the changes in poverty rates associated with the supporting indicators across two time periods; economic growth (2005 to 2008) to economic crisis / early recovery (2009 to 2014).

It shows that the poverty reduction effectiveness of social transfers increased by 10.1 percentage points to 59.6 per cent in 2009-2014. Basic deprivation rose by 10.1 percentage points between the two periods. The vulnerable to consistent poverty indicator increased 1.3 percentage points to 4 per cent in 2009-2014. In contrast, at-risk-of-poverty fell by 1.1 percentage points to 15.5 per cent. At-risk-of-poverty anchored in 2010 values increased by 2.1 percentage points to 17.5 per cent in 2009-2014.27

<table>
<thead>
<tr>
<th>Table 3.3 Medium-term perspective on the supporting indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average 2005 - 2008</strong></td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>Vulnerable to consistent poverty</td>
</tr>
<tr>
<td>Basic deprivation</td>
</tr>
<tr>
<td>At-risk-of-poverty</td>
</tr>
<tr>
<td>Impact of social transfers on the at-risk-of-poverty rate</td>
</tr>
<tr>
<td>At-risk-of-poverty anchored in 2010 values</td>
</tr>
</tbody>
</table>

Source: SILC, various years

27 The at-risk-of-poverty rates are anchored in 2010 values for the entire period from 2005 to 2014. An average is then taken for 2005 to 2008 and then for 2009 to 2014.
Section 4: The Europe 2020 poverty target

4.1 Irish contribution to Europe 2020 poverty target

Ireland has defined its’ contribution to the Europe 2020 poverty target by reducing by a minimum of 200,000 the population in ‘combined poverty’ between 2010 and 2020.

As measured using national data, the population affected by ‘combined poverty’ was 37.3 per cent in 2014, compared to 37.5 per cent in 2013. This figure reflects a decrease in basic deprivation (down 1.5 percentage points to 29 per cent), while the at-risk-of-poverty rate increased by 1.1 percentage points to 16.3 per cent. Nominally, this equated to 1.7 million people and is 307,000 people over the 2010 baseline figure (see Figure 4.1).

Figure 4.1 Ireland’s contribution to the Europe 2020 poverty target

Source: SILC, various years
4.2 Medium-term perspective on combined poverty

Table 4.1 compares the changes in combined poverty rates across two time periods; economic growth (2005 to 2008) to economic crisis / early recovery (2009 to 2014). It shows that combined poverty rose 9.0 percentage points to an average of 33.5 per cent in 2009-2014, largely driven by an increase in basic deprivation. The general increase across the periods shows the social impact of the economic crisis.

Table 4.1 Medium-term perspective on combined poverty

<table>
<thead>
<tr>
<th></th>
<th>2005 - 2008</th>
<th>2009 - 2014</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined poverty</td>
<td>24.4%</td>
<td>33.5%</td>
<td>↑ 9.0 (pp)</td>
</tr>
</tbody>
</table>

Source: SILC, various years

4.3 Progress towards the Europe 2020 poverty target

The Europe 2020 poverty and social exclusion target is to lift at least 20 million people from the risk of poverty and social exclusion. The baseline year for the target is 2008 while the target year is 2018. The baseline figure was 116.2 million in 2008, meaning the target figure is 96.2 million by 2018.28

Figure 4.2 shows there has been little progress towards the target since 2008, the baseline year. The number of people at risk of poverty and social exclusion increased from 116.2 to 122.5 million in 2012, before falling to 120.9 million in 2014. The increase over the period was largely due to rising levels of severe material deprivation and very low work intensity households.

28 The Europe 2020 poverty target is based on the combination of three indicators: at-risk-of-poverty, severe material deprivation, or very low work intensity (aka jobless households) – see diagram in glossary. In cases where people experience more than one of these indicators, they are counted only once.
4.4 Impact of social transfers on at-risk-of-poverty rate across the EU

Ireland continued to be among the best performing EU countries in reducing poverty through social transfers (excluding pensions). Using comparable data from Eurostat from 2014, Ireland's performance in reducing poverty at 58.1 per cent was far in excess of the EU-28 norm of 34.1 per cent and above the 42.7 per cent reduction achieved in the UK. The reductions achieved in the other countries worst affected by the crisis were 15 per cent in Greece, 21.5 per cent in Italy, 28.6 per cent in Spain, and 27 per cent in Portugal.\textsuperscript{30}

\textsuperscript{29} In 2010, the Europe 2020 poverty target was set using the latest available data (2008) for all 27 Member States. Croatia joined the European Union on 1\textsuperscript{st} July 2013, becoming the 28\textsuperscript{th} Member State. Figures for 2010 to 2013 exclude Croatia, which contributes an additional 1.3-1.4 million to the target population across these years. Data for Croatia is not available before 2010.

\textsuperscript{30} The data from Eurostat for Ireland vary slightly from the national indicators due to the different income concept used.
4.5 Impact of social transfers on income inequality in the EU

In 2014, Irish social transfers reduced the Gini coefficient from 45.7 to 30.8, an income inequality reduction effect of 32.6 per cent. Ireland was the best performing EU member state, reducing income inequality by over twice the EU average and over 4.5 times more than in the crisis countries, such as Italy, Greece and Cyprus.
Box 3: Measurement of Quality of Life

Since the crisis, there has been widespread agreement on the need for a broader perspective, going beyond income and economic growth to include other dimensions such as health, disability and psychological well-being, personal relationships and social life, the lived environment and societal institutions. As such, the Department of Social Protection commissioned a technical paper from the Economic and Social Research Institute (ESRI) to develop a multi-dimensional quality of life indicator. It draws on the 2013 Survey on Income and Living Conditions (SILC) module on well-being.

The technical paper examines the consequences of poverty and deprivation for broader quality of life outcomes, including health, mental health, life satisfaction in general and satisfaction with life in different areas.

The researchers use core SILC questions on health, housing, environment and financial stress with over 20 additional items in the 2013 module, dealing with satisfaction with a number of life dimensions (financial situation, accommodation, time use, personal relationships, living environment); trust in institutions; how the person has been feeling lately and physical security.

This study will inform research in the area, particularly the future work of Eurostat on quality of life, which is to become an ongoing component of SILC.

The draft technical paper was submitted to the Department in early December 2015. It was peer reviewed and discussed at a consultation meeting with stakeholders. It is due for publication in the first half of 2016.
Section 5: Child poverty target and related indicators

5.1 Child social target

To lift over 70,000 children (aged 0-17 years) out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level.

Figure 5.1 shows that there were 134,000 children in consistent poverty in 2014, a decrease of 4,000 children on 2013. This means that a new figure of 97,000 children have to be lifted out of consistent poverty to meet the target by 2020.

**Figure 5.1 Progress on the child-specific social target**

Source: SILC, various years
This target also seeks to reduce the higher consistent poverty risk for children as compared to adults (aged 18 years and over) and for households with children as compared to non-child households.

The left-hand side of Figure 5.2 shows that children had a consistent poverty rate of 11.2 per cent in 2014, compared to 6.8 per cent for adults (aged 18 years and over). The right-hand axis of the Figure looks at the differential between consistent poverty rates for adults and children. It shows that children were 1.6 times more likely to experience consistent poverty than adults, an increase on the 2012 figure of 1.4, though a decrease on the 2013 figure of 1.7.

**Figure 5.2 Consistent poverty rates for adults and children**

![Figure 5.2 Consistent poverty rates for adults and children](image)

Source: CSO SILC and analysis of SILC by the ESRI, various years

The left-hand side of Figure 5.3 compares the consistent poverty rates for individuals in households with and without children. In 2014, people in households with children had consistent poverty rates of 10.4 per cent, compared to 4.7 per cent for those in non-child households. The rates in 2013 were 10.8 per cent and 4.7 per cent respectively. The right-hand axis of Figure 5.3 shows the differential between consistent poverty rates for households with and without children. It finds that people
in households with children were 2.2 times more likely to experience consistent poverty than those in households without children, a slight decrease on the 2013 figure of 2.3.

**Figure 5.3 Consistent poverty rates for households with and without children (individuals)**

![Consistent poverty rates for households with and without children](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Individuals in households with children</th>
<th>Individuals in households without children</th>
<th>Differential</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8.3%</td>
<td>3.6%</td>
<td>2.3</td>
</tr>
<tr>
<td>2011</td>
<td>8.8%</td>
<td>4.2%</td>
<td>2.1</td>
</tr>
<tr>
<td>2012</td>
<td>9.0%</td>
<td>5.9%</td>
<td>1.5</td>
</tr>
<tr>
<td>2013</td>
<td>10.8%</td>
<td>4.7%</td>
<td>2.3</td>
</tr>
<tr>
<td>2014</td>
<td>10.4%</td>
<td>4.7%</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: Analysis of SILC by the ESRI, various years

**5.2 Consistent poverty rates by household composition**

Figure 5.4 compares the consistent poverty rates in different households with children. In 2014, lone parent households with children under 18 years and other households with children under the age of 18 years had consistent poverty rates above the rates for individuals in households with children (10.4 per cent). The rates have fallen by 0.9 and 3.1 percentage points to 22.1 and 11.9 per cent respectively. The pattern of these households being above the national average remains the same.
Figure 5.4 Consistent poverty rates by household type, 2014 (individuals)

Source: SILC, various years

5.3 Other poverty indicators for children and young people

The National Policy Framework for Children and Young People 2014-2020 (*Better Outcomes, Brighter Futures*) sets out indicators across key national outcome areas. Table 5.1 sets out the progress to date on key indicators in relation to poverty and social exclusion among children and young people. Consistent poverty, deprivation and at-risk-of-poverty rates for these groups were above the national average in 2014.

In 2014, social transfers reduced the at-risk-of poverty rate for children from 44.6 per cent to 18.6 per cent, a poverty reduction effect of 58.3 per cent. The comparable figure in 2013 was 60 per cent. The impact of social transfers on the at-risk-of-poverty rate for young people was 43.9 per cent in 2014 (reducing the rate from 51.9 to 29.1 per cent). This was a decrease on the poverty reduction effect of 49.4 per cent in 2013.
Table 5.1 Other poverty indicators for children and young people

<table>
<thead>
<tr>
<th></th>
<th>Children (0-17 years)</th>
<th>Young People (15-24 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consistent poverty</strong></td>
<td>8.8%</td>
<td>9.3%</td>
</tr>
<tr>
<td><strong>Deprivation</strong></td>
<td>30.5%</td>
<td>32.1%</td>
</tr>
<tr>
<td><strong>At-risk-of-poverty before social transfers (ex-pensions)</strong></td>
<td>50.2%</td>
<td>49.8%</td>
</tr>
<tr>
<td><strong>At-risk-of-poverty after social transfers</strong></td>
<td>18.4%</td>
<td>18.8%</td>
</tr>
<tr>
<td><strong>Poverty reduction effect of social transfers (ex-pensions)</strong></td>
<td>63.3%</td>
<td>62.2%</td>
</tr>
</tbody>
</table>

Source: SILC, various years

Figure 5.5 looks at the at-risk-of-poverty rate anchored in 2010 values for children and young people. In 2014, the at-risk-of-poverty rate for children anchored in 2010 values was 22.9 per cent, while for young people the rate was higher at 33 per cent. Both were above the national rate of 19.3 per cent, though the rate for children has declined in 2014 (0.6 percentage points for children). Meanwhile, the rate for young people increased by 2.1 percentage points.
5.4 Medium-term perspective on the child-specific social target

Table 5.2 compares the changes in consistent poverty rates for children across two time periods; economic growth (2005 to 2008) to economic crisis / early recovery (2009 to 2014).

It shows that the consistent poverty rate for children (aged 0-17 years) increased from an average of 8.7 per cent in 2005-2008 to 9.9 per cent in 2009-2014. The general increase across the periods shows the social impact of the economic crisis.

Table 5.2 Medium-term perspective on the child poverty indicator

<table>
<thead>
<tr>
<th></th>
<th>2005 - 2008</th>
<th>2009 - 2014</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child poverty</td>
<td>8.7%</td>
<td>9.9%</td>
<td>↑ 1.2 (pp)</td>
</tr>
</tbody>
</table>

Source: SILC, various years
Section 6: Life-cycle groups and social inclusion indicators

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

6.1 Consistent poverty rate for social groups

Table 6.1 shows that a number of groups continued to be disproportionately affected by consistent poverty. In 2014, groups with the highest rates of consistent poverty (21-23 per cent) were individuals who were unemployed and those living in lone parent families or social housing. Those in employment, older people, and people living in owner occupier housing were least affected by consistent poverty.

Children (0-17 years) and young people (15-24 years) also had consistent poverty rates above the national average at 11.2 and 13.1 per cent respectively. This contrasted with a rate of 7.9 per cent among people of working age (18-64 years) and 2.1 per cent for older people (65+ years).
Table 6.1 Consistent poverty rate for social groups (individuals)

<table>
<thead>
<tr>
<th></th>
<th>Rate</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National rate</strong></td>
<td>6.3%</td>
<td>6.9%</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>5.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Female</td>
<td>6.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td><strong>Life-cycle groups</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children (0-17 years)</td>
<td>8.8%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Young people (15-24 years)</td>
<td>9.0%</td>
<td>12.1%</td>
</tr>
<tr>
<td>Working age (18-64 years)</td>
<td>6.2%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Older people (65+ years)</td>
<td>0.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td><strong>Specific groups</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People with a disability</td>
<td>7.3%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>16.0%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Non-Irish</td>
<td>7.8%</td>
<td>7.4%</td>
</tr>
<tr>
<td><strong>Vulnerable households</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lone parent families</td>
<td>13.6%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Social housing tenants</td>
<td>17.3%</td>
<td>21.5%</td>
</tr>
</tbody>
</table>

Source: SILC and analysis of SILC by the ESRI, various years

6.2 Social inclusion indicators

Table 6.2 shows that weekly mean equivalised nominal disposable income increased by 2.9 per cent to €416 in 2014. Weekly mean equivalised real disposable income increased marginally (up 2.6 per cent) to €411 in 2014. Real equivalised weekly social transfers as a proportion of gross income declined from 25.8 per cent in 2013 to 24.1 per cent in 2014.

---

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

32 The SILC does not include a question on ‘disability’. Therefore, a proxy measure is used for people aged 16 years or over who respond that they have been ‘strongly limited’ in activities people usually do in the last six months because of a health problem.

33 This is based on whether someone identifies themselves as being an Irish citizen / national. It was quoted in the ESRI/The Integration Centre Annual Monitoring Report on Integration.
Income inequality remained largely unchanged between 2013 and 2014 based on the Gini coefficient (31-32 per cent) and the income quintile share ratio (4.8-5.0). On a comparative basis, the level of income inequality in Ireland was similar to the EU average (30.7 per cent vs 30.9 per cent). In-work poverty increased from 5 per cent in 2013 to 6.1 per cent in 2014.

Food poverty and financial exclusion emerged as social policy issues in recent years. As with the stabilisation in the main poverty measures, these items also saw slight reductions. Food poverty (as measured by an enforced lack of one of three food deprivation items) was experienced by 13.1 per cent of the population in 2014, from 13.2 per cent in 2013. 10.7 per cent of households experienced financial exclusion (i.e. did not have access to a bank current account) in 2014, a reduction of 1.1 percentage points on 2013.

Economic stress is a measure of the change in economic fortunes of Irish households through items such as debt, housing costs, and the difficulties and stresses of managing on reduced household incomes. The mean level of economic stress reduced from 0.33 in 2013 to 0.27 in 2014, returning back to 2010 levels.

Health inequality, based on the health status (defined as fair to very bad) of the household reference person, decreased marginally to 17.4 per cent in 2014.

---


35 The purpose of the technical paper on Constructing a Food Poverty Indicator for Ireland using the Survey on Income and Living Conditions was to develop a deprivation-based measure of food poverty. For discussion of this see: [http://www.socialinclusion.ie/Foodpoverty.html](http://www.socialinclusion.ie/Foodpoverty.html)

36 This indicator was developed in the technical paper on Trends in Economic Stress and the Great Recession in Ireland published in 2014. See glossary for full definition. For a detailed discussion see: [http://www.socialinclusion.ie/TrendsinEconomicStress.html](http://www.socialinclusion.ie/TrendsinEconomicStress.html)

37 In 2013, the Government published Healthy Ireland: A Framework for Improved Health and Well-being 2013-2025, which included a commitment to reduce health inequalities. To reflect this goal a health inequality measure was added to the Monitor in 2012.
### Table 6.2 Social inclusion indicators

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal equivalised disposable income (per week)</td>
<td>€424.26</td>
<td>€410.89</td>
<td>€399.69</td>
<td>€404.48</td>
<td>€416.21</td>
</tr>
<tr>
<td>Real equivalised disposable income (per week)</td>
<td>€439.82</td>
<td>€420.08</td>
<td>€399.69</td>
<td>€400.40</td>
<td>€410.89</td>
</tr>
<tr>
<td>S80:S20 income quintile share ratio</td>
<td>4.8</td>
<td>4.9</td>
<td>5.0</td>
<td>4.8</td>
<td>5.0</td>
</tr>
<tr>
<td>Gini coefficient</td>
<td>31.4%</td>
<td>31.1%</td>
<td>31.2%</td>
<td>31.3%</td>
<td>31.8%</td>
</tr>
<tr>
<td>Relative at-risk-of-poverty gap</td>
<td>17.7%</td>
<td>19.5%</td>
<td>20.3%</td>
<td>17.5%</td>
<td>18.6%</td>
</tr>
<tr>
<td>In-work poverty</td>
<td>5.7%</td>
<td>6.5%</td>
<td>5.9%</td>
<td>5.0%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Food poverty</td>
<td>10.0%</td>
<td>11.4%</td>
<td>11.8%</td>
<td>13.2%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Financial exclusion</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>11.8%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Economic stress</td>
<td>0.27</td>
<td>0.29</td>
<td>0.32</td>
<td>0.33</td>
<td>0.27</td>
</tr>
<tr>
<td>Health status (fair to bad)</td>
<td>16.7%</td>
<td>20.5%</td>
<td>17.5%</td>
<td>17.9%</td>
<td>17.4%</td>
</tr>
</tbody>
</table>

Source: SILC and analysis of SILC by the ESRI, various years

---

38 See definitions provided in the Glossary in Appendix 2.

39 Real income figures have been adjusted for inflation by applying a deflator (0.99 per cent) to the nominal income figures. The deflator is derived from the monthly Consumer Price Index and takes into account the rolling nature of the income data collected by SILC (CSO (2014), *Survey on Income and Living Conditions (SILC) 2012*, Cork: CSO). The deflator base year is 2012, as such the real and nominal values of equivalised disposable income are the same in 2012.

40 There was a break in the series in 2013 as the question on financial exclusion changed to separate out having a bank current account from the use of it for money management. The explanatory text defining the services offered by these types of accounts also changed.

41 This indicator is based on the health status (fair to very bad) of the household reference person.
Section 7: Spatial distribution of poverty

This section examines poverty trends from a spatial perspective. An important point to note is that spatial analysis using SILC is limited due to the sample size. As such, the analysis in this section focuses on regions and rural-urban characteristics alone. This limited spatial analysis of national poverty indicators is complemented by micro-level data on select socio-demographic indicators from the Census (e.g. the Pobal Haase-Pratschke Deprivation Index\textsuperscript{42} and the SAHRU National Deprivation Index\textsuperscript{43}).

7.1 Rate of consistent poverty by region
The highest rate of consistent poverty by NUTS 2\textsuperscript{44} level was recorded for the Border, Midland and Western region at 10.8 per cent, which was above the national average of 8 per cent. This compared to 7 per cent in the Southern and Eastern region.

Map 1 shows the rates of consistent poverty across NUTS 3\textsuperscript{45} regions in 2014. The highest rate was 14.2 per cent in the Border region, this decreased from 18.5 per cent in 2013. In contrast, Dublin experienced the lowest level at 5.1, which increased from 4.9 per cent in 2013. Further analysis is required to determine if the changes are statistically significant. Other regions with rates above the national average were the South-East (9.7 per cent), Mid-West (9.2 per cent), West (8.6 per cent), South-West and Midlands (both at 8.3 per cent).

In overall terms poverty is not spatially concentrated. People in the Border, South-East and Mid-West regions represent 41.3 per cent of those in consistent poverty.

\textsuperscript{42} See: \url{https://www.pobal.ie/Pages/New-Measures.aspx}
\textsuperscript{43} The Small Area Health Research Unit (SAHRU) is based in the Department of Public Health and Primary Care in Trinity College Dublin. See: \url{http://www.sahru.tcd.ie/services/deprivation.php}.
\textsuperscript{44} NUTS 2: the Border, Midland & Western (BMW) region and the Southern & Eastern (SE) region.
\textsuperscript{45} NUTS 3: Border, Midlands, West, Dublin, Mid-East, South-East, Mid-West; and South-West.
Map 1: Rate of consistent poverty in NUTS 3 regions, 2014

Legend
- Less than 8 per cent
- 8 to 9 per cent
- 9 to 10 per cent
- Greater than 10 per cent

Source: CSO SILC 2014 and CSO 2011 Census Boundary File

© Ordnance Survey Ireland/Government of Ireland
Copyright Permit No. MP 000116
7.2 Rate of consistent poverty by rural-urban characteristics

Table 7.1 presents more detailed information on the rate of consistent poverty, across five locational categories. In 2014, the highest consistent poverty rates were found in towns with populations greater than 5,000 people (11 per cent), followed by mixed urban/rural areas and towns with populations between 1,000 and 5,000 (10.1 per cent). The rate in rural areas (7 per cent) and in cities and suburbs (6.4 per cent) were below the national average. There was a downward trend in consistent poverty rates in mixed urban/rural and rural areas between 2013 and 2014. All other areas were stable or experienced an increase.

Table 7.1 Consistent poverty rates by rural-urban characteristics

<table>
<thead>
<tr>
<th></th>
<th>Rate 2010</th>
<th>Rate 2011</th>
<th>Rate 2012</th>
<th>Rate 2013</th>
<th>Rate 2014</th>
<th>Share 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>National rate</td>
<td>6.3%</td>
<td>6.9%</td>
<td>7.7%</td>
<td>8.2%</td>
<td>8.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Cities and suburbs</td>
<td>5.5%</td>
<td>4.9%</td>
<td>6.9%</td>
<td>5.6%</td>
<td>6.4%</td>
<td>31.8%</td>
</tr>
<tr>
<td>Towns and environs with pop&gt;=5,000</td>
<td>7.0%</td>
<td>9.6%</td>
<td>10.6%</td>
<td>9.2%</td>
<td>11.0%</td>
<td>17.4%</td>
</tr>
<tr>
<td>Towns and environs with pop 1,000&lt;=5,000</td>
<td>13.0%</td>
<td>10.1%</td>
<td>12.2%</td>
<td>10.0%</td>
<td>10.1%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Mixed urban / rural areas</td>
<td>5.7%</td>
<td>7.5%</td>
<td>7.5%</td>
<td>10.5%</td>
<td>10.1%</td>
<td>20.5%</td>
</tr>
<tr>
<td>Rural</td>
<td>5.9%</td>
<td>6.5%</td>
<td>6.5%</td>
<td>8.8%</td>
<td>7.0%</td>
<td>22.3%</td>
</tr>
</tbody>
</table>

Source: Analysis of SILC by the ESRI, various years
The Survey on Income and Living Conditions (SILC) is an annual survey carried out by the Central Statistics Office (CSO) of a representative sample of almost 5,500 households or 14,100 individuals in Ireland. The survey collects information on the income and living conditions of different households in Ireland, in order to derive indicators on poverty, deprivation and social exclusion. It is carried out in every EU country under EU legislation and commenced in Ireland in June 2003.

The definition of income in SILC is based on a rolling 12-month period. The income reference period relates to the preceding 12 months from the date of the interview with the household. In effect, the income recorded can cover 24 months, from January of 2013 to December 2014.

Stressing the need for timely data to measure the social situation, Ireland has been introducing improvements, namely through the co-ordinated work between the CSO and Government departments. The CSO facilitated a much improved SILC 2014 release timetable, seeing it return to its original timeslot of November. This will enhance the ability of the Monitor to inform policy debates in a timely fashion.
Appendix 2: Glossary

**Adults in jobless households** are defined in the QNHS as adults aged 18 to 59 years living in households where no member of the household is working. Students aged 18 to 24 years living in households composed solely of students are excluded.

**At-risk-of-poverty**: Persons are regarded as being at-risk-of-poverty if their equivalised income is below 60% of the median income. In 2014, the at-risk-of-poverty threshold was €10,926 per annum or €209.39 per week for a single person. It was €25,348 or €485.79 a week for a family of 2 adults and 2 children.

**At risk of poverty or exclusion**: This EU measure combines the number of people who experience at-risk-of-poverty, severe material deprivation, or very low work intensity. This measure is the basis for the Europe 2020 poverty target. In cases where people experience more than one of these indicators, they are counted only once. The Irish version of this measure is ‘combined poverty’.

**At-risk-of-poverty anchored in time**: The proportion of people with an equivalised disposable income below the at-risk-of-poverty threshold calculated in survey year N, adjusted by inflation over subsequent years. It essentially measures the percentage of the population falling below an at-risk-of-poverty threshold of an earlier year, after accounting for the effects of inflation. This indicator is also referred to as an absolute measure of poverty, which reflects changes in fixed living circumstances, as distinct from changes in relative living standards.

**Basic deprivation**: People who are denied – through lack of income – at least 2 items from a list of 11 indicators are regarded as experiencing deprivation. This is enforced deprivation as distinct from the personal choice not to have the items. The following 11 basic items are used to construct the deprivation index:
- unable to afford two pairs of strong shoes;
- unable to afford a warm, waterproof overcoat;
- unable to afford new (not second-hand) clothes;
- unable to afford a meal with meat, chicken or fish (vegetarian equivalent) every second day;
- unable to afford a roast joint or its equivalent once a week;
- without heating at some stage in the last year through lack of money;
- unable to afford to keep the home adequately warm;
- unable to afford to buy presents for family or friends at least once a year;
- unable to afford to replace any worn-out furniture;
- unable to afford to have family or friends for a drink or meal once a month; and
- unable to afford a morning, afternoon or evening out in the last fortnight for entertainment.
The indicator of basic deprivation was developed by the Economic and Social Research Institute using data from the Survey on Income and Living Conditions. See Maître B., Nolan B. and Whelan C. (2006) Reconfiguring the Measurement of Deprivation and Consistent Poverty in Ireland, Dublin: ESRI, for further information.

**Combined poverty:** Ireland’s contribution to the EU target is based on reducing the population in ‘combined poverty’. This is the combination of three indicators – consistent poverty or at-risk-of-poverty or basic deprivation. It is similar to the EU composite measure, ‘at risk of poverty or exclusion’.

The exclusion of very low work intensity from the Irish measure is not the only difference between the Irish and EU composite indicators. The at-risk-of-poverty measure generates different results at EU and national levels as a result of differences in the definition of gross income. The EU definition does not include income from private pensions or the value of goods produced for own consumption. Also, employers’ social insurance contributions are included in the national definition of gross income but are excluded from the EU definition. The EU uses an alternative equivalence scale (the OECD scale) to that used for national indicators in Ireland. The OECD attributes a weight of 1 to the first adult, 0.5 to each subsequent adult and 0.3 to each child. In terms of deprivation, the national approach identifies those experiencing ‘basic deprivation’ (lacking 2 or more out of 11 basic items) whereas the EU approach is based on ‘severe material deprivation’ (lacking 4 or more from a 9 item list). The effect of these differences has generally been a higher at-risk-of-poverty rate using EU definitions rather than national definitions.

**Consistent poverty:** This is a measure of poverty used in the National Action Plan for Social Inclusion 2007-2016 that takes account of the household’s living standards as well as the household size, composition and total income. Persons are regarded as being in consistent poverty if their income is below 60% of the median income (i.e. at-risk-of-poverty) and are deprived of at least 2 out of the 11 items on the basic deprivation list. (See Box 1)

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

**Economic stress:** This is a measure that captures the change in economic fortunes of Irish households by going beyond income to include items such as debt, housing costs, and the difficulties and stresses of managing on reduced household incomes. Specifically, it combines five identified economic stress items:
- Difficulty making ends meet;
- Arrears;
- Housing costs that are a heavy burden;
- Inability to save; and
- Going into debt to meet ordinary living expenses.
A mean level of economic stress of 0 means that there is no economic stress on any of the items while a score of 1 means there is difficulty on all the items.

**Employment rate:** the employment rate is the proportion of the working-age population that is employed. The International Labour Organisation (ILO) definition of employed persons are those aged 15 years and over who have worked for payment or profit in the reference week (usually the week preceding the survey) or who had a job from which they were temporarily absent for reasons such as holidays, maternity leave or sick leave.

**Equivalence scales:** A set of relativities between the needs of households of differing size and composition, used to adjust household income to take into account the greater needs of larger households. In Ireland the national scale attributes a weight of one to the first adult (aged 14+) and 0.66 to each subsequent adult and a weight of 0.33 to each child. International comparisons such as that done by Eurostat uses the modified OECD scale which attributes a weight of one to the first adult (aged 14+) and 0.5 to each subsequent adult and a weight of 0.3 to each child.

**Equivalised income:** This refers to household income from all sources adjusted for differences in household size and composition (number of adults and children). It is calculated by dividing total
Disposable (i.e., after tax) household income by the equivalence scale value. It can be interpreted as income per adult-equivalent.

EU-LFS: European Union Labour Force Survey is based on harmonised national surveys carried out across the EU and designed to provide data on labour force status of people aged 15 and over. In Ireland the QNHS produces the labour force data for the EU-LFS.

EU-SILC: European Union Statistics on Income and Living Conditions; this is a voluntary household survey carried out annually in a number of EU Member States allowing comparable statistics on income and living conditions to be compiled. In Ireland, the Central Statistics Office (CSO) has conducted the survey since 2003. The results are reported in the Survey on Income and Living Conditions (SILC). Any data as compiled by Eurostat and any reference to the questions or questionnaire in the household survey is here referred to as ‘EU-SILC’.

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

Food poverty is the inability to have an adequate and nutritious diet due to issues of affordability or accessibility. It is measured by the percentage of individuals experiencing one or more of the following:
- Unable to afford a meal with meat, or vegetarian equivalent, every second day;
- Unable to afford a weekly roast dinner (or vegetarian equivalent); and
- Missing one substantial meal in the last fortnight due to lack of money.

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

GDP stands for Gross Domestic Product and is an estimated value of the total worth of a country’s production and services, within its boundary, by its nationals and foreigners, calculated over the course on one year.

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

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

Jobless households capture the share of persons under the age of 60 in households where no working-age adult is in employment (according to the International Labour Organisation – see ‘employment rate’ definition above).

In-work poverty measures the at-risk-of-poverty rate among adults (16+) who are ‘in-work’, based on their self-defined principal economic status.

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

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

Nomenclature of Units for Territorial Statistics (NUTS): A hierarchical classification of administrative boundaries developed by Eurostat. The purpose of NUTS is to provide a common
Social Inclusion Monitor 2014

designation for different levels of administrative geographic boundaries across the EU regardless of local language and naming conventions. NUTS 2 refers to the Border, Midland & Western (BMW) region and the Southern & Eastern (SE) region. NUTS 3 refers to the Border, Midlands, West, Dublin, Mid-East, South-East, Mid-West; and South-West.

**Participation rate:** the labour force participation rate is a measure of the proportion of the working-age population that engages actively in the labour market, either by working or looking for work.

**Poverty and social exclusion:** these terms are defined broadly in the *National Action Plan for Social Inclusion 2007-2016* as follows:

‘People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities which are considered the norm for other people in society.’

The two concepts are very similar when used in Irish policymaking but poverty is sometimes used in the narrower context to refer to low income (or wealth). On the other hand, social exclusion is almost always used in the broader sense, to refer to the inability to participate in society because of a lack of resources that are normally available to the general population.

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

**QNHS:** *Quarterly National Household Survey.* This is a large-scale nationally representative survey of private households. It was introduced in September 1997 to replace the annual Labour Force Survey. It is designed to provide reliable quarterly labour force statistics and is carried out by the Central Statistics Office. Any data or analysis in this paper that is sourced specifically from the CSO is here referred to as ‘QNHS’.

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

**S80:S20 income quintile share ratio** measures inequality in the distribution of income. It is the ratio of the average 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).

**Severe material deprivation:** This indicator is defined as the share of the population with an enforced lack of at least 4 out of 9 material deprivation items. The 9 items are:

- arrears on mortgage or rent payments, utility bills, hire purchase instalments or other loan payments;
- capacity to afford paying for one week’s annual holiday away from home;
- capacity to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day;
- capacity to face unexpected financial expenses [set amount corresponding to the monthly national at-risk-of-poverty threshold of the previous year];
- household cannot afford a telephone (including mobile phone);
- household cannot afford a colour TV;
- household cannot afford a washing machine;
- household cannot afford a car; and
- ability of the household to pay for keeping its home adequately warm.

**SIILC:** *Survey on Income and Living Conditions.* In Ireland, the Central Statistics Office (CSO) is responsible for carrying out the EU-SILC survey. They produce analysis in accordance with Irish national poverty targets, indicators and related issues. These results are reported in the *Survey on*
Income and Living Conditions (SILC). Any data or analysis that is sourced specifically from the CSO is here referred to as ‘SILC’.

Social transfers: Social transfers are income from non-market sources. This includes state means-tested allowances, state non-means-tested benefits (such as child benefit and payments based on prior social insurance benefits), occupational pensions, foreign pensions and other non-market transfers (such as from other households or from charities). They are generally categorised in SILC as unemployment benefits, old-age benefits, occupational pensions, children/family related allowances, housing allowances and other social transfers such as survivors, sickness or disability benefits.

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

Very low work intensity refers to the share of the population aged 0-59 years living in households where the working-age adults worked less than 20 per cent of their total work potential during the previous 12 months. A working-age person is defined as a person aged 18 to 59, not being a student aged between 18 and 24. This measure of poverty is used in defining the ‘at risk of poverty or exclusion’ indicator for the EU poverty target. The work intensity of working-age adults is applied to all children in the household. (See ‘Work intensity’).

Vulnerable to consistent poverty identifies the population experiencing basic deprivation and whose equivalised income is between 60% and 70% of the median. This indicator facilitates monitoring of flows into and out of consistent poverty. See Box 2.

Work intensity: This is an indicator of the amount of available work time the working-age adults in a household actually spend at work. It is calculated as the proportion of person-months over the reference year that working-age adults (aged 18-59 years) actually spend in employment. An adjustment is made to the calculation for those who work part-time. Work intensity is often presented in five categories:

- Very low work intensity = less than 20 per cent;
- Low work intensity = 20 per cent to less than 45 per cent;
- Medium work intensity = 45 per cent to 55 per cent;
- High work intensity = over 55 per cent to 85 per cent; and
- Very high work intensity= over 85 per cent to 100 per cent.