

5 Poverty, Social Exclusion and Social Protection

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Indicator 5.1 Poverty and Deprivation (Republic of Ireland)

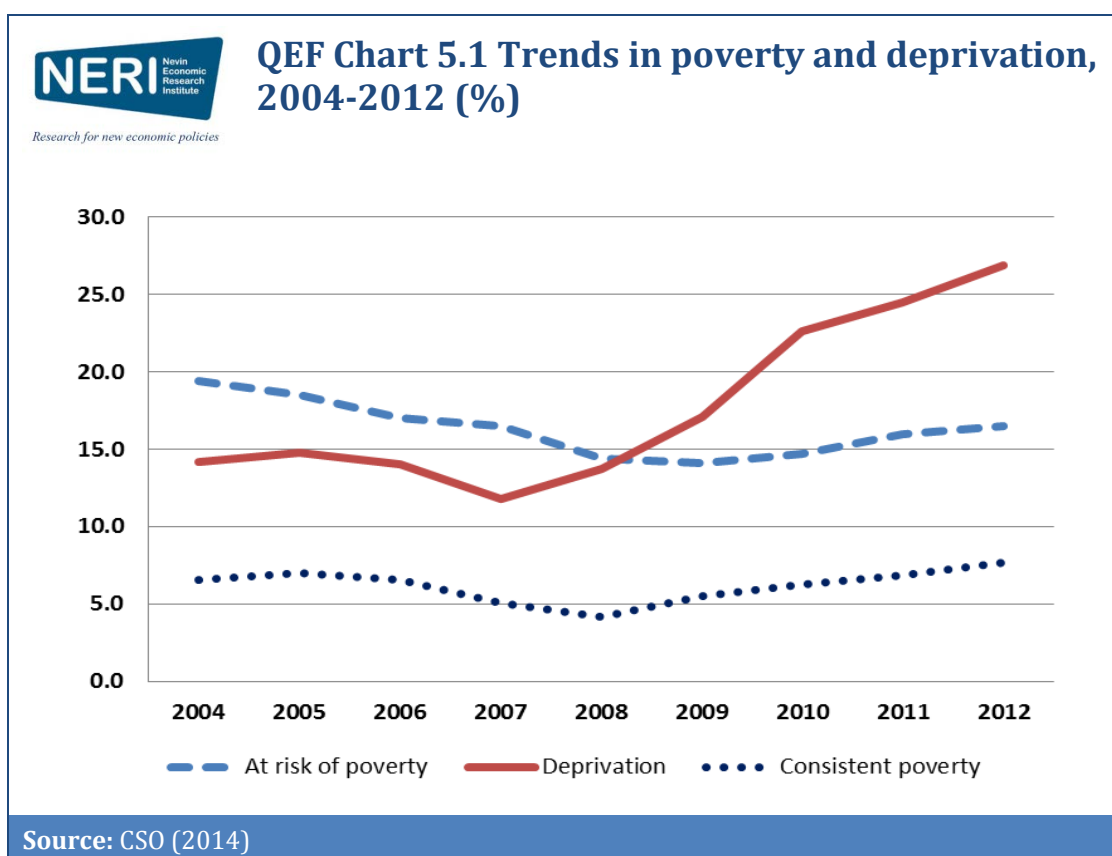
Indicators defined

At risk of poverty rate: The proportion of individuals with disposable income of less than 60% of median income

(Enforced) Deprivation rate: The proportion of individuals who cannot afford two or more items from a list of 11

Consistent poverty rate: The proportion of individuals who are at-risk of poverty and also experiencing enforced deprivation

Data is the latest available as of 3 December 2014



QEF Table 5.1 Poverty and Deprivation rates, 2006-2012

	2004	2006	2007	2008	2009	2010	2011	2012
At risk of poverty	19.4	17.0	16.5	14.4	14.1	14.7	16.0	16.5
Deprivation	14.2	14.0	11.8	13.7	17.1	22.6	24.5	26.9
Consistent poverty	6.6	6.6	5.1	4.2	5.5	6.3	6.9	7.7
Child poverty	n/a	22.3	19.9	18.0	18.6	18.4	18.8	18.8

Source: CSO (2014)

Interpretation

The at risk of poverty or 'relative income poverty' rate fell from 2004 to 2009. However, the rate increased from 14.1% in 2009 to 16.5% in 2012, despite the fact that the threshold level (60% of median disposable income) declined by 12% between 2009 and 2012 (from €12,064 to €10,621); this reflects an overall decline in incomes over that period.

Enforced deprivation, measuring the number of individuals deprived of two or more basic items fell to as low as 11.8% in 2007. However, it has increased rapidly since as the impact of the recession hit households. By 2012 more than one in four households were experiencing deprivation. The rate of consistent poverty measures the subsection of the population who are at risk of poverty and experiencing deprivation. This measure is the focus of the government's official poverty target which aims to reduce those experiencing consistent poverty to 4% by 2016 and to 2% or less by 2020. Between 2004 and 2008 the rate fell, but it has since increased to 7.7% in 2012.

The proportion of the ROI's children living in households whose income is below the 60% of median income poverty line has experienced limited change over the past few years. While the years 2006-07 recorded a decrease from 22.3% to 19.9%, by 2012 almost 1 in every 5 children (18.8%) lived in a household experiencing relative income poverty. Over the period 2006-2008 the proportion of children living in households experiencing both relative income poverty and deprivation (consistent poverty) decreased from 10.3% to 6.3% (not shown in table). However, since then it has increased and in 2012 9.9% of the ROI's children experienced consistent poverty.

Technical Notes

The data used to compile these figures comes from the CSO's Survey on Income and Living Conditions (SILC) and has been described in the technical notes accompanying indicator 4.2a. The at risk of poverty threshold is calculated as 60% of median equivalised disposable income.

Source(s)

CSO (2014) Survey on Income and Living Conditions 2012. Dublin, Stationery Office.

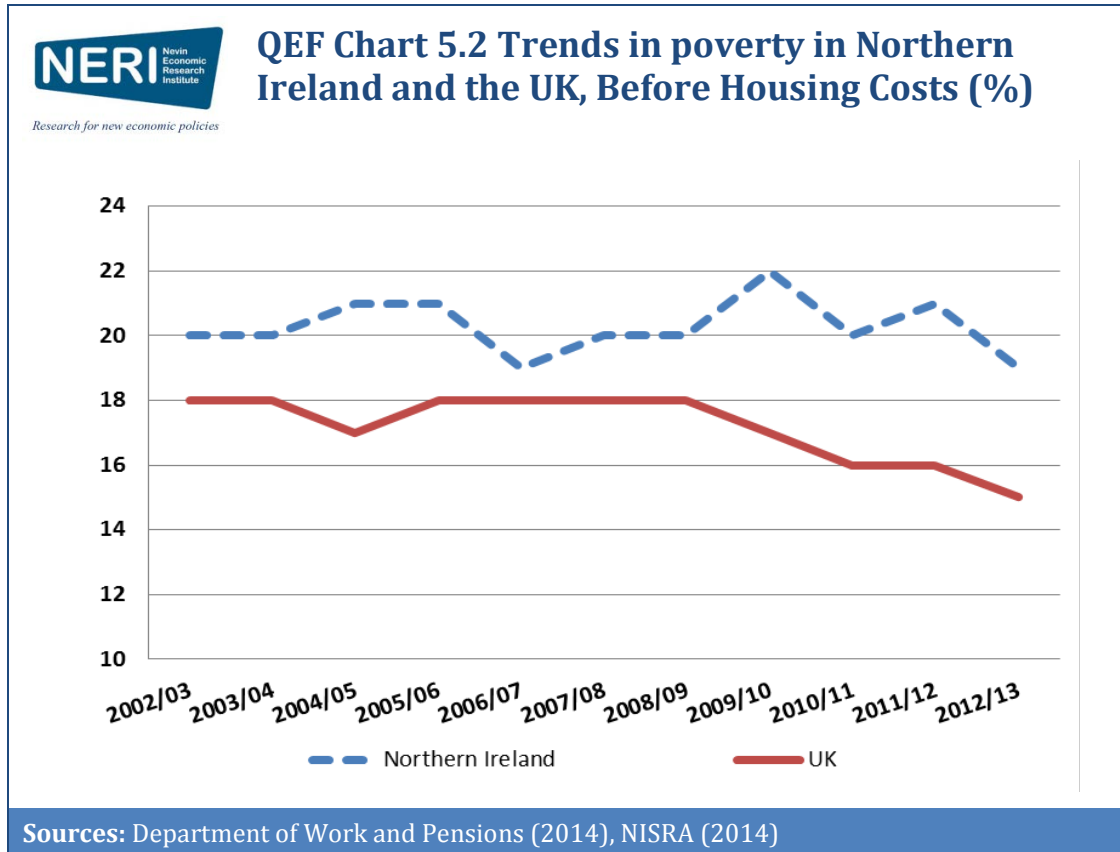
CSO SILC website: www.cso.ie/en/silc/

Indicator 5.2 Poverty in Northern Ireland

Indicator defined

A household is counted as being in poverty if its income is less than 60% of the median UK household income adjusted for household size and composition

Data is the latest available as of 3 December 2014



QEF Table 5.2 Trends in Poverty in Northern Ireland, 2002-2013

	02-03	06-07	09-10	10-11	11-12	12-13
Population BHC	19	19	22	20	21	19
Children BHC	24	23	26	22	21	20
Working age Adults BHC	16	15	19	19	20	18
Pensioners BHC	24	27	23	22	24	20
Population AHC	20	19	22	20	22	19
Children AHC	27	23	28	24	27	22
Working age Adults AHC	18	16	21	20	22	19
Pensioners AHC	18	20	18	15	15	14

Sources: Department of Work and Pensions (2014), NISRA (2014)

Interpretation

Using data from the UK Family Resources Survey *Households Below Average Income* dataset, the Northern Ireland Statistics and Research Agency (NISRA) provide details on the levels and trends in poverty in Northern Ireland. The data for this indicator is for the period from 2002-2013 and are calculated for the UK financial year April-March.

Over time the level of poverty in Northern Ireland (before housing costs) has remained reasonably static at around one fifth of the population. In 2013, there were 337,500 people in Northern Ireland living on an income below the poverty line. The Northern Ireland rate is slightly higher than that for the UK. Within the population, the level of child poverty is high, with between one in every four or five children in Northern Ireland living in poverty – the number for 2012/13 is 89,300 children. Among pensioners, one in every five (57,900 in 2012/13) live on an income below the poverty line. One-fifth of all adults of working age in Northern Ireland live on an income that is below the poverty line.

Technical Notes

The data used to compile these figures comes from the Department of Work and Pensions' study entitled '*Households Below Average Income*'. Poverty is calculated before and after housing costs where these costs include rent, service charges and mortgage interest payments. Household income is also equivalised, or adjusted, to take account of the size and composition of the household. Following this process, an income per adult-equivalent is achieved and this is used as the basis for setting the poverty lines. For the period 2012/13 the poverty thresholds in Northern Ireland were:

	Before Housing Costs	After Housing Costs
Couple – no children	£264	£224
Single – no children	£177	£130
Couple with 2 children under 14 years	£404	£364
Lone parent with 2 children under 14yrs	£317	£269

Source(s)

Department of Work and Pensions (2014) *Households Below Average Income*. London, HM Stationery Office.

Northern Ireland Statistics and Research Agency (2014) *Poverty in Northern Ireland Bulletin 2012/13*. Belfast, NISRA.

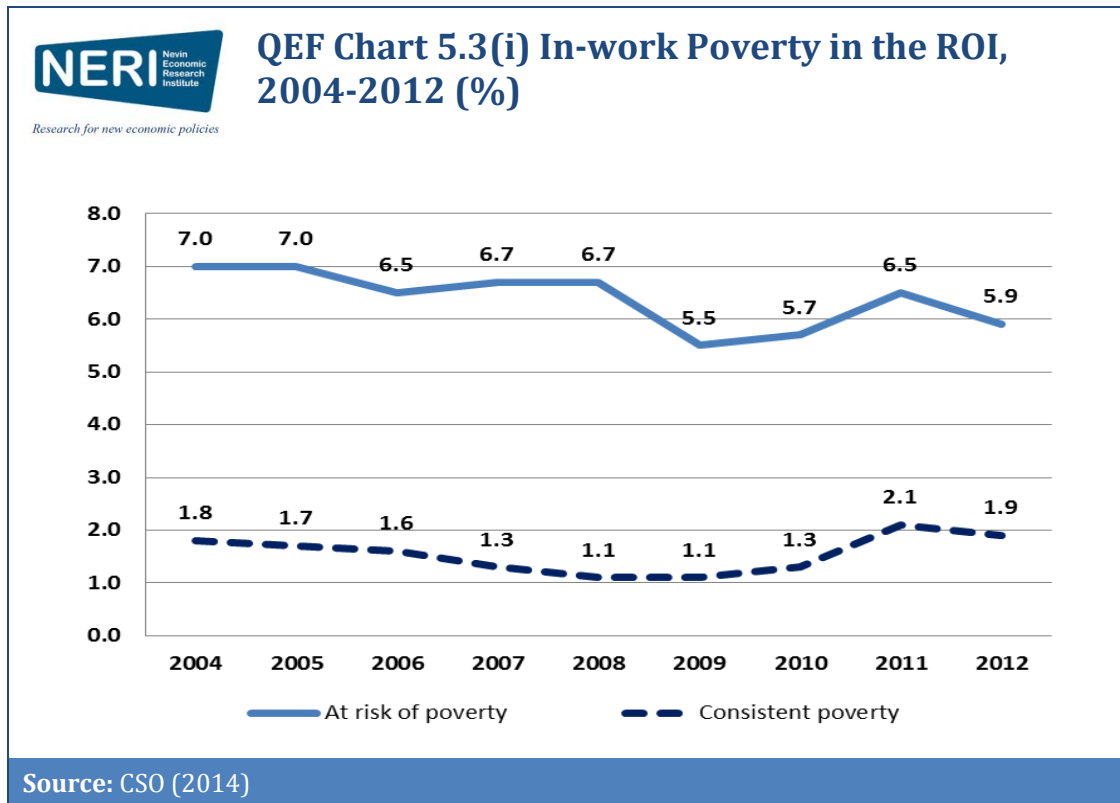
Indicator 5.3 In Work-Poverty (Republic of Ireland)

Indicators defined

Workers at risk of poverty: The proportion of individuals whose principle economic status is 'at work' and whose equivalised disposable income is less than 60% of median income

Workers in consistent poverty: The proportion of individuals whose principle economic status is 'at work' and who are at-risk of poverty and also experiencing enforced deprivation

Data is the latest available as of 3 December 2014

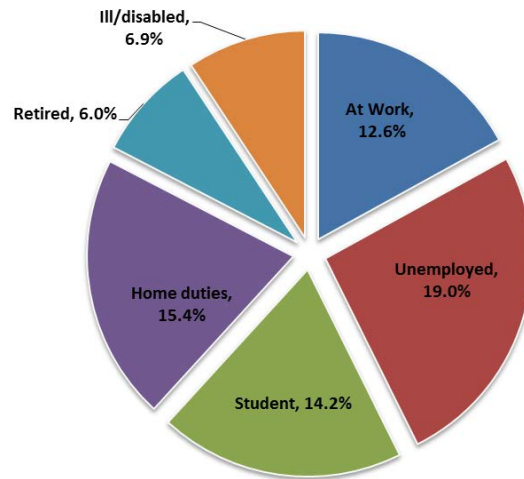


QEF Table 5.3 Composition of those at risk or poverty in the ROI, 2009-2012

	2009	2010	2011	2012
At Work	14.3%	13.5%	14.2%	12.6%
Unemployed	12.9%	15.1%	16.6%	19.0%
Student	14.6%	12.3%	14.7%	14.2%
Home duties	18.0%	17.3%	17.5%	15.4%
Retired	4.7%	4.4%	4.3%	6.0%
Ill/disabled	6.4%	5.4%	4.8%	6.9%

Source: CSO (2014)

QEF Chart 5.3(ii) Composition of those at risk of poverty 2012 (%)



Source: CSO (2014)

Interpretation

Between 2004 and 2008 there was limited change in the proportion of individuals whose principal economic status is 'at work' and who were living at risk of poverty. However, by 2009 the rate dropped to 5.5% before increasing to 5.9% in 2012. Consistent poverty levels among those at work followed a similar pattern.

Despite the fact that the rate of relative income poverty (5.9%) and consistent poverty (1.9%) is low among those whose principal economic status is work, the fact that the working population comprises a large part of the population aged 16 years and above results in a high number of workers being in poverty. Using the 2012 data, when poverty among those aged 16 years and above is decomposed by principal economic status, those at work (the working poor) account for 12.6% of people at risk of poverty.

Technical Notes

See notes for indicators 4.2a and 5.1. The composition of those at risk of poverty is decomposed by principal economic status for all those aged 16 years and above. The tables and charts above exclude figures for children under 16 years who are living in households that are at risk of poverty.

Source(s)

See all the sources listed under indicator 4.2a.

Indicator 5.4 Poverty and Deprivation by Gender (Republic of Ireland)

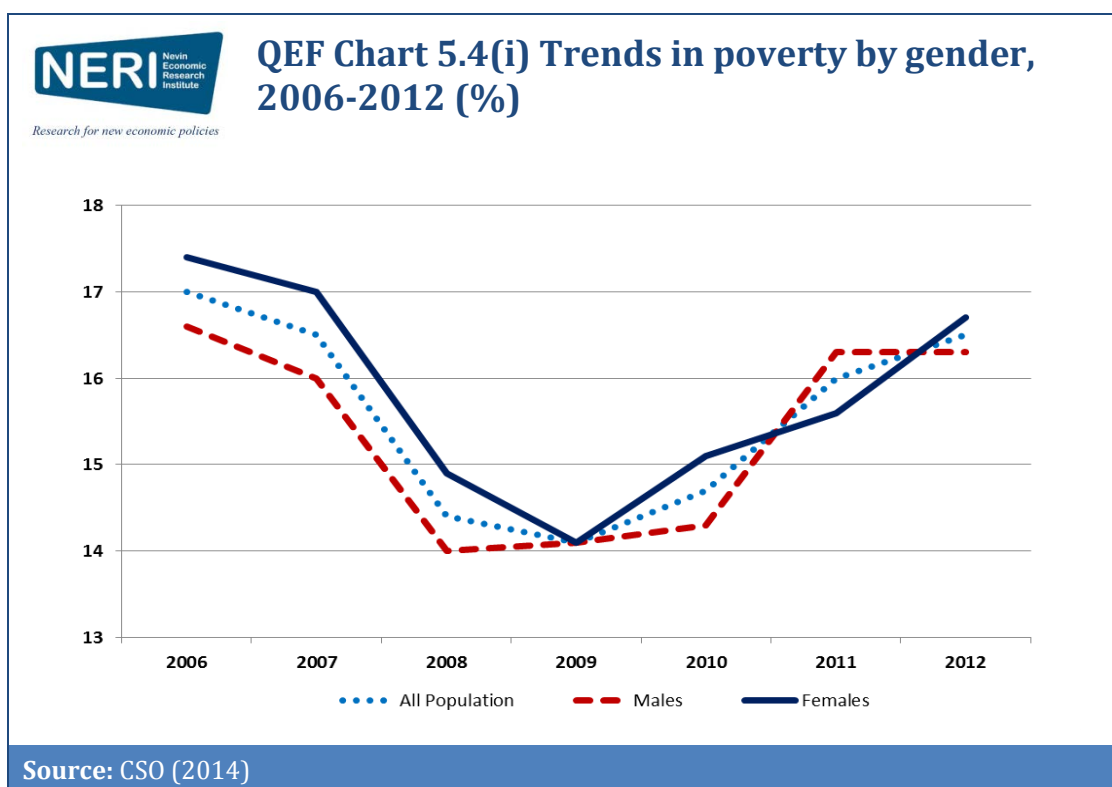
Indicators defined

At risk of poverty rate: The proportion of individuals with disposable income of less than 60% of median income – data for all the population any by gender.

(Enforced) Deprivation rate: The proportion of individuals who cannot afford two or more items from a list of 11 – data for all the population any by gender.

Consistent poverty rate: The proportion of individuals who are at-risk of poverty and also experiencing enforced deprivation – data for all the population any by gender.

Data is the latest available as of 3 December 2014



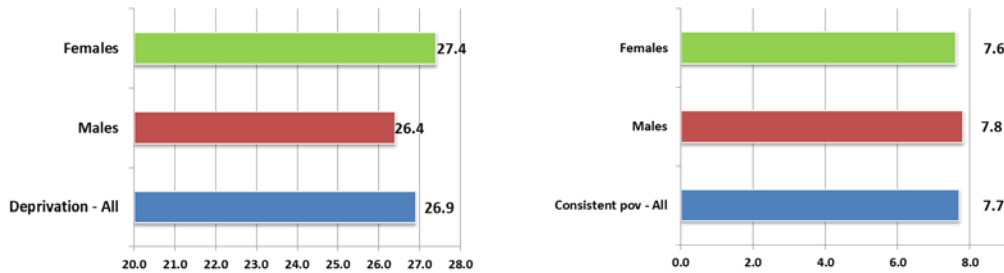
Interpretation

As the tables and charts for this indicator show, females have a marginally higher risk of poverty than males (in 2012) while females experience a higher level of deprivation than males.

Technical Notes

See indicator 5.1.

Charts 5.4(ii)/5.4(iii) Deprivation and Consistent Poverty by gender, 2012 (%)



Source: CSO (2014)

QEF Table 5.4 Poverty and Deprivation by Gender, 2006-2012 (%)

	2006	2008	2009	2010	2011	2012
At risk of poverty – All*	17.0	14.4	14.1	14.7	16.0	16.5
Males	16.6	14.0	14.1	14.3	16.3	16.3
Females	17.4	14.9	14.1	15.1	15.6	16.7
Deprivation – All*	13.8	13.8	17.1	22.6	24.5	26.9
Males	n/a	13.3	16.8	21.7	23.0	26.4
Females	n/a	14.3	17.7	23.5	26.0	27.4
Consistent Poverty – All*	6.5	4.2	5.5	6.3	6.9	7.7
Males	6.4	4.0	5.5	5.8	6.9	7.8
Females	6.6	4.5	5.4	6.8	6.9	7.6

Source: CSO (2014)

Note: *all refers to the rate for the population of the ROI

Source(s)

CSO (2014) Survey on Income and Living Conditions 2012. Dublin, Stationery Office.

CSO SILC website: www.cso.ie/en/silc/

Indicator 5.5 Unemployment Benefits Compared to Earnings (OECD countries)

Indicator defined

We compare pre and post Unemployment income using **the replacement rate**. It refers to the level of welfare provided immediately after the individual becomes unemployed and calculates this as a proportion of previous after tax or net income. The figures in this assessment are based on an individual earning 67% of the average wage in each OECD country before becoming unemployed.

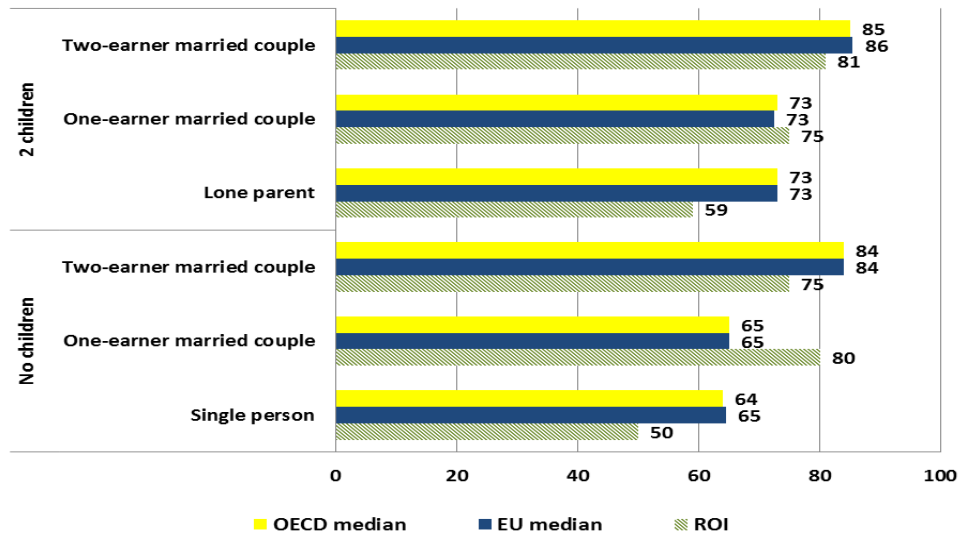
Data is the latest available as of 3 December 2014



QEF Table 5.5 Net Replacement Rates for six family types, 2012

OECD countries	No children			2 children		
	Single person	One-earner couple	Two-earner couple	Lone parent	One-earner couple	Two-earner couple
Australia	31	56	50	57	66	63
Austria	55	57	79	71	73	85
Belgium	87	75	85	87	75	86
Canada	64	65	81	76	77	84
Chile	56	56	78	63	63	78
Czech Rep.	65	65	87	67	67	88
Denmark	84	85	92	89	87	93
Estonia	55	58	78	63	58	79
Finland	59	59	80	74	69	84
France	69	65	84	67	67	84
Germany	59	59	86	80	83	90
Greece	37	38	67	42	42	70
Hungary	66	66	83	75	75	86
Iceland	76	76	88	82	79	90
Rep. Ireland	50	80	75	59	75	81
Israel	88	88	94	87	89	93
Italy	69	73	85	78	75	87
Japan	67	66	85	73	69	85
Korea	55	55	78	57	55	78
Luxembourg	82	81	90	89	88	93
Netherlands	76	77	84	66	81	77
New Zealand	36	61	50	59	65	65
Norway	68	69	84	90	74	86
Poland	51	52	75	82	58	77
Portugal	75	75	90	78	76	91
Slovak Rep.	62	58	85	72	57	86
Slovenia	86	84	93	85	88	96
Spain	79	77	89	78	76	89
Sweden	64	64	82	72	69	83
Switzerland	73	72	85	85	84	90
Turkey	53	53	79	52	52	79
UK	20	31	60	48	57	67
USA	60	59	81	53	51	83
OECD Median	64	65	84	73	73	85
EU Median	65	65	84	73	73	86

QEF Chart 5.5 Net Replacement Rates for six family types in initial phase of unemployment, 2012



Source: OECD (2014)

Interpretation

Replacement rates compare income prior to unemployment with income from welfare after unemployment. Across the OECD these rates range from 20% (UK single person) to 96% (Slovenia two-earner married couple). Given the variation in individual country replacement rates, reflecting the nature and composition of welfare entitlements in these countries, the data shows the futility of making simple cross country comparisons based on one particular type of individual/household. The ROI possesses the fifth lowest replacement rate for single unemployed people with no children within the OECD (50%), only the UK, Australia, New Zealand and Greece possessing lower rates. Of the six household types examined by the OECD (see table and chart) four ROI types record replacement rates below the OECD and EU median values and two above these median values.

Technical Notes

Data is from the OECD's Tax-Benefit Calculator. The OECD also examine these rates for individuals at other percentages of average earnings. The data in the table and chart is from 2012, since then changes to welfare rates, taxation structures and average earnings will have altered these rates.

Source

OECD Tax-Benefit Calculator: www.oecd.org/els/benefitsandwagesstatistics.htm

Indicator 5.6 Unemployment Traps across OECD countries

Indicator defined

We use participation tax rates to measure the extent to which taxes and benefits reduce the financial gain of moving into work. High participation tax rates reduce the attractiveness of labour market participation and may serve to trap individuals or households in unemployment. The figures in this assessment are based on an individual earning 67% of the average wage in each OECD country

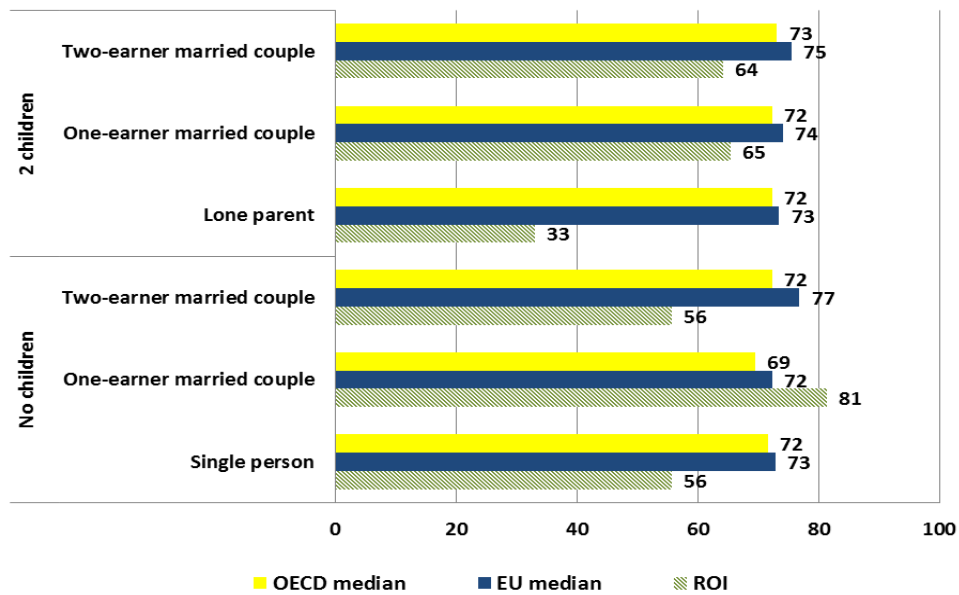
Data is the latest available as of 3 December 2014



QEF Table 5.6 Participation Tax Rates for six family types, 2012

OECD countries	No children			2 children		
	Single person	One-earner married couple	Two-earner married couple	Lone parent	One-earner married couple	Two-earner married couple
Australia	43	64	17	53	62	36
Austria	68	69	70	74	75	76
Belgium	92	81	80	86	78	80
Canada	70	68	70	71	72	72
Chile	64	64	64	70	70	64
Czech Rep.	72	69	79	67	64	79
Denmark	90	90	90	90	90	90
Estonia	64	64	64	64	60	64
Finland	68	68	68	73	73	73
France	77	72	76	72	72	75
Germany	73	69	82	84	85	86
Greece	52	48	45	50	46	44
Hungary	78	78	78	76	76	78
Iceland	83	79	83	84	80	84
Rep. Ireland	56	81	56	33	65	64
Israel	90	90	90	87	90	87
Italy	77	79	77	79	76	80
Japan	50	48	52	50	48	52
Korea	31	31	31	32	30	31
Luxembourg	86	83	83	88	87	86
Netherlands	84	84	79	67	85	65
New Zealand	46	67	15	52	59	36
Norway	76	76	76	89	78	78
Poland	64	64	64	86	64	64
Portugal	79	78	84	79	77	84
Slovak Rep.	44	38	50	37	31	50
Slovenia	90	88	90	84	88	93
Spain	83	79	83	80	77	82
Sweden	72	72	72	72	72	72
Switzerland	80	80	78	87	87	85
Turkey	66	65	70	64	63	70
UK	37	46	37	47	56	46
USA	68	65	69	53	48	71
OECD Median	72	69	72	72	72	73
EU Median	73	72	77	73	74	75

QEF Chart 5.6 Participation Tax Rates for six family types, 2012



Source: OECD (2014)

Interpretation

As individuals transition from unemployment to employment they experience losses of welfare payments and entitlements, gains in earned gross income and they begin to pay income taxes and social insurance contributions on their earned income. The participation tax rates attempts to measure the collective impact of these experiences by estimating by how much changes to taxes and benefits reduce the financial gain of moving into work. A participation tax rate of 50% implies that half of the gains in earnings from commencing work are lost through changes to taxes and benefits.

Across the OECD these rates range from 15% (New Zealand two earner married couple) to 93% (Slovenia two-earner married couple). From country to country they differ given differences in the interaction of the welfare and taxation systems. The ROI possesses the eight lowest replacement rate for single unemployed people with no children within the OECD (56%). Of the six household types examined by the OECD (see table and chart) five ROI types record replacement rates below the OECD and EU median values.

Technical Notes

See indicator 5.5.

Source(s)

OECD Tax-Benefit Calculator: www.oecd.org/els/benefitsandwagesstatistics.htm