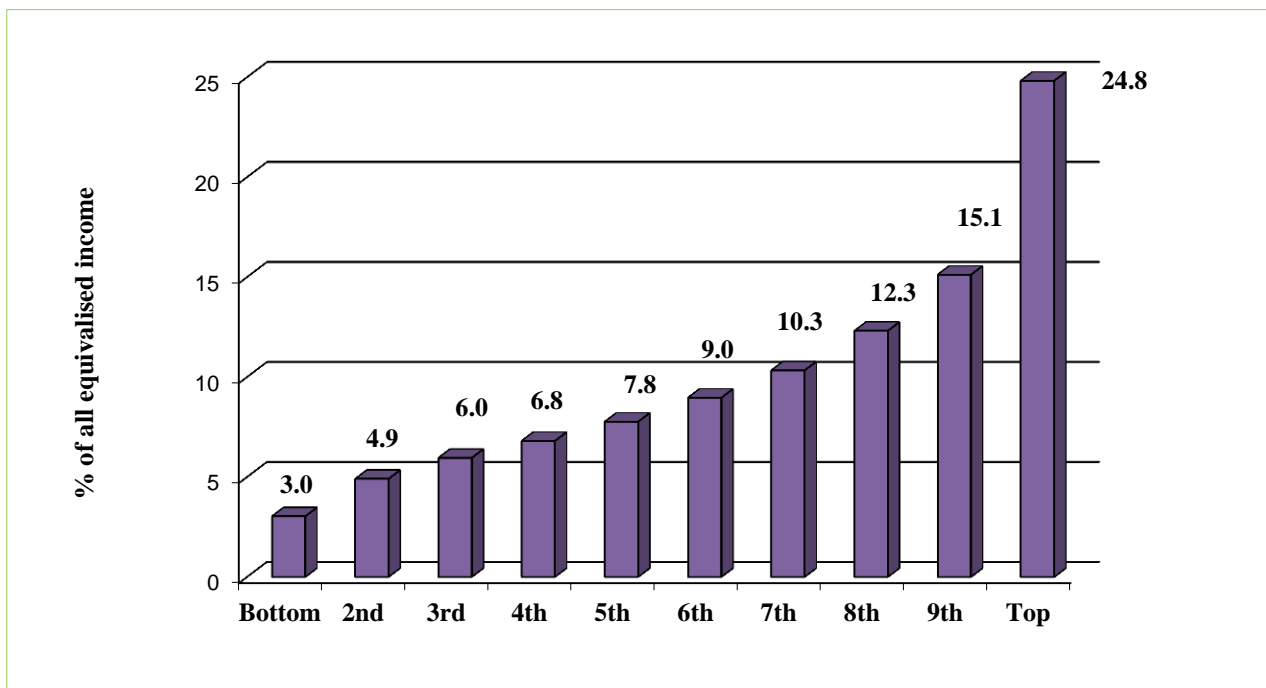


National Social Monitor 2016

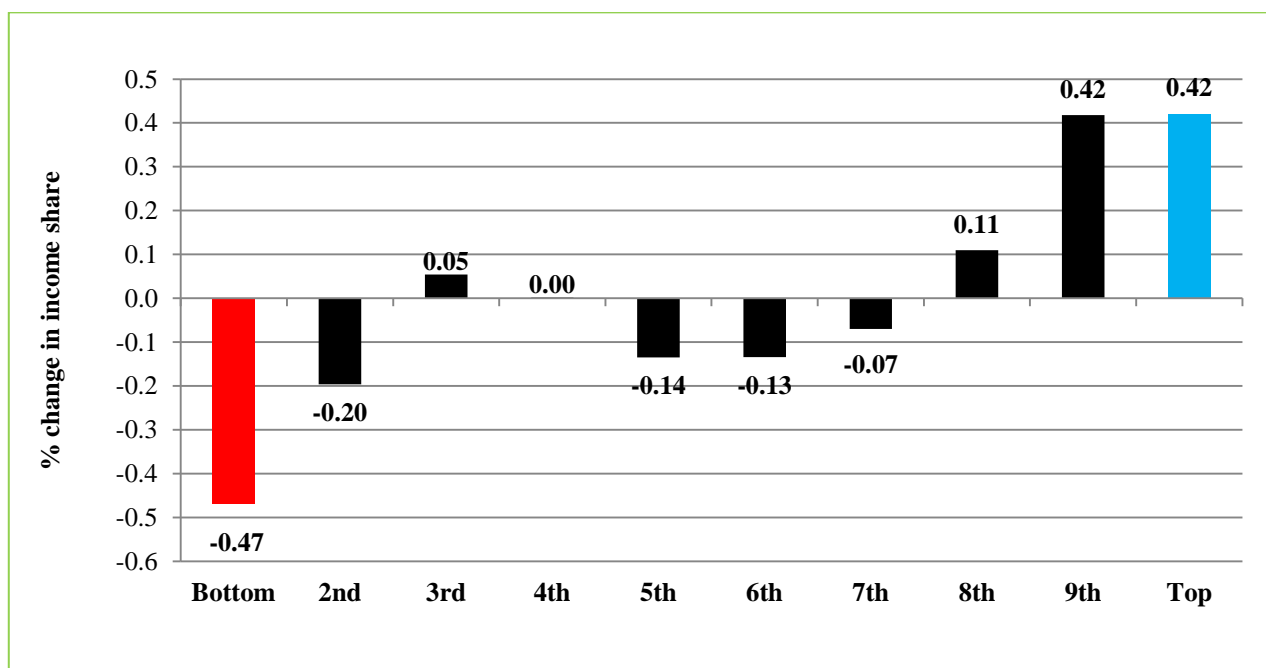
INCOME DISTRIBUTION

Chart 1: Ireland's Income Distribution by 10% (decile) group, 2014



Source: CSO SILC 2015

Chart 2: Change in Decile Share of Equivalised Disposable Income, 2008-2014



Source: Calculated from CSO SILC Reports (various years)

Introduction

The persistence of high rates of poverty and income inequality in Ireland requires greater attention than they currently receive. The purpose of economic development should be to improve the living standards of all of the population. Tackling high rates of poverty and inequality effectively is a multifaceted task. It requires action on many fronts, ranging from healthcare and education to accommodation and employment. However, the most important requirement in tackling poverty is the provision of sufficient income to enable people to live life with dignity. No anti-poverty strategy can possibly be successful without an effective approach to addressing low incomes.

Role of social welfare

Social Justice Ireland believes in the very important role that social welfare plays in addressing poverty. As part of the *SILC* (Survey on Income and Living Conditions) results the CSO has provided an interesting insight into the role that social welfare payments play in tackling Ireland's poverty levels. It has calculated the levels of poverty before and after the payment of social welfare benefits. Without the social welfare system almost half of the Irish population (49.3 per cent) would have been living in poverty in 2014.

Such an underlying poverty rate suggests a deeply unequal distribution of direct income. In 2014, the actual poverty rate of 16.3 per cent reflects the fact that social welfare payments reduced poverty by 33 percentage points.

The most recent data on Ireland's income distribution, from the 2014 *SILC* survey, is summarised in chart 1. It examines the income distribution by household deciles starting with the 10 per cent of households with the lowest income (the bottom decile) up to the 10 per cent of households with the highest income (the top

decile). It measures **disposable income** which captures the amount of money available to spend after receipt of any employment/pension income, payment of all income taxes and receipt of any welfare entitlements.

In 2014, the top 10 per cent of the population received almost one quarter of total disposable income while the bottom decile received 3 per cent. Collectively, the poorest 60 per cent of households received a very similar share (37.4 per cent) to the top 20 per cent (39.9 per cent). Overall the share of the top 10 per cent is more than 8 times the share of the bottom 10 per cent.

Income distribution data for the last few decades suggest that the overall structure of that distribution has been largely unchanged. Chart 2 compares the change in income between 2008 and 2014. 2008 represented the year when average incomes in Ireland peaked. Since then incomes have fallen for all, but the impact of the recession has been felt in different ways by different people/households.

The decline in the share of the bottom two deciles highlights the reality that if we wish to address and close these income divides, future Government policy must prioritise those at the bottom of the income distribution. Otherwise, these divides will persist for further generations and perhaps widen.

Policy Priorities

- Acknowledge that Ireland has an on-going poverty problem and set a goal of eliminating poverty in the course of a single five-year Dáil term.
- Carry out in-depth social impact assessments prior to implementing proposed policy initiatives that impact on the income supports and public services that many low income households depend on. This should include the poverty-proofing of all public policy initiatives.