

Poverty Focus 2019

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Life on a low income is the norm for a large proportion of our society.

One in every six people in Ireland lives with an income below the poverty line. Based on the latest CSO data, this corresponds to approximately 760,000 people.

Poverty levels reached their lowest point in Ireland in 2009 when 14.1 per cent of the population were classified as poor. Since then the rate has increased; although the rate of increase has been slowed in recent years following Budgetary policies which increased core welfare payments.

In this publication, we focus on nature and experience of poverty in Ireland. Drawing on the available statistical evi-

dence, we outline how poverty is measured, the value of the poverty line and consider many of the groups in our society who are most exposed to living life below the poverty line.

This year we pay particular attention to children living in households whose income is below the poverty line. Child poverty is a reality for one in every five children in Ireland, about 230,000 children; a stark statistic which raises major questions for fairness and progress. Yet, despite good intentions, it is an issue that Irish society and public policy has made little progress in addressing for a long time.

As a society, how long more can we afford to ignore these children and their living standards?

Poverty Profiled

15.7% of Ireland's Population live below the poverty line

760,000 people in Ireland live below the poverty line

The main groups in poverty are:

Children (under 16 yrs): 23.9% of all those in poverty

Students and school children (under 18 yrs): 18.4% of all those in poverty

Workers: 14.3% of all those in poverty

The Unemployed: 13.5% of all those in poverty

Those on home duties (including parents & carers): 13.1% of all those in poverty

Those unable to work due to illness or disability: 9% of all those in poverty

The Retired: 5.9% of all those in poverty

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Poverty Focus is an annual document issued by Social Justice Ireland. It aims to provide an update on the latest data and trends on poverty in Ireland, updated values of the annual poverty line and links to other Social Justice Ireland research on this topic. Each year Poverty Focus will highlight one area of concern while also commenting on the general policy landscape. Comments, observations and suggestions on this document are welcome.

Poverty and how it is measured

The National Anti-Poverty Strategy (NAPS) published by government in 1997 adopted the following definition of poverty:

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 that 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 that are considered the norm for other people in society.

This definition was reiterated in the now expired *National Action Plan for Social Inclusion 2007-2016 (NAPinclusion)* and has gained widespread international recognition.

In trying to measure the extent of poverty, the most common approach has been to identify a poverty line (or lines) based on people's disposable income (earned income after taxes and including all benefits).

Where that line should be drawn is sometimes a contentious matter, but most European studies [including those carried out by the Central Statistics Office (CSO) in Ireland] suggest a line, which is at 60% of median income, adjusted to take account of family size and composition.

The median income is the income of the middle person in society's income distribution, in other words it is the middle income in society.

Irish data on poverty looks at those living below this 60% line and is published each year by the CSO using results from a comprehensive national survey called *SILC (Survey on Income and Living Conditions)*.

The latest data was published in December 2018 for the year 2017 and is used throughout this document.

Where is the poverty line?

The most up-to-date data available on poverty in Ireland comes from the 2017 *SILC* survey, conducted by the CSO. In that year the CSO gathered data from a statistically representative sample of 5,029 households and 12,612 individuals.

The data gathered by the CSO is very detailed. It incorporates income from work, welfare, pensions, rental income, dividends, capital gains and other regular transfers. The data is subsequently verified anonymously using PPS numbers.

According to the CSO the median disposable income per adult in Ireland during 2017 was €20,869 per annum or €399.94 per week. Consequently, the 60% of median income poverty line for a single adult derived from this value was €239.97 a week.

Updating this figure to 2019 levels, using published CSO data on the growth in average hourly earnings in 2018 (+2.1 per cent) and ESRI projections for 2019 (+2.9 per cent) produces a relative income poverty line of €252.11 for a single person. In 2019, any adult below this weekly income level will be counted as being at risk of poverty.

Table 1 applies this poverty line to a number of household

“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 that 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 that are considered the norm for other people in society”

National Anti-Poverty Strategy (NAPS) definition of poverty

Table 1: Minimum Disposable Income Required to Avoid Poverty in 2019

Household containing:	Weekly line	Annual line
1 adult	€252.11	€13,155
1 adult + 1 child	€335.31	€17,496
1 adult + 2 children	€418.50	€21,837
1 adult + 3 children	€501.70	€26,179
2 adults	€418.50	€21,837
2 adults + 1 child	€501.70	€26,179
2 adults + 2 children	€584.90	€30,520
2 adults + 3 children	€668.09	€34,861
3 adults	€584.90	€30,520

types to show what income corresponds to each household's poverty line. The types of households chosen reflect the most common household compositions across the population.

The figure of €252.11 is an income per adult equivalent figure. This means that it is the minimum weekly disposable income (after taxes and including all benefits) that one adult needs to receive to be outside of poverty.

For each additional adult in the household this minimum income figure is increased by €166.39 (66 per cent of the poverty line figure) and for each child in the household the minimum income figure is increased by €83.20 (33 per cent of the poverty line). These adjustments reflect the fact that as households increase in size they require more income to meet the basic standard of living implied by the poverty line. In all cases a household below the corresponding weekly disposable income figure is classified as living at risk of poverty. For clarity, corresponding annual figures are also included.

One immediate implication of this analysis is that most weekly social assistance rates paid to single people are €49 below the poverty line.

2019 Focus: Children in Poverty

Our Poverty Profile on page one dealt mainly in percentages, but to understand poverty in Ireland better it is useful to transform these proportions into numbers of people.

The overall poverty rate of 15.7 per cent in 2017 corresponds to just over 760,000 people living below the 60 per cent of median income poverty line in that year. Using this figure, table 2 presents the number of people in poverty in that year within various categories. Comparable figures are also presented for selected years over the last 13 years.

...around 230,000 children live in households below the poverty line... the scale of this statistic is alarming...given that our children are our future, this situation is not acceptable

The data in the table is particularly useful in the context of framing anti-poverty policy. Groups such as the retired and the ill/disabled, although carrying a high risk of poverty, involve smaller numbers of people than groups such as adults who are employed (the working poor), people on home duties (i.e. working in the home, carers) and children/students.

Between 2006 and 2009 the numbers of workers in poverty declined while the numbers of unemployed people in poverty notably increased. This reflected the rise in unemployment in the labour market as a whole during those years. As the table shows, the increase in poverty between 2009 and 2017 can be principally explained by the increase in poverty among individuals largely dependent on the welfare system, in particular the unemployed, those who are retired and people who are ill or have a disability.

Child Poverty

Children are one of the most vulnerable groups in any society. Consequently, the issue of child poverty deserves particular attention. Child poverty is measured as the proportion of all children aged 17 years or younger that live in households with an income below the 60 per cent of median income poverty line.

The 2017 CSO *SILC* survey indicates that 18.4 per cent of children were at risk of poverty. The child poverty figure has remained in and around this level since the first CSO *SILC* survey in 2004.

Translating this percentage into numbers of children implies that in 2017 around 230,000 children lived in house-

holds that were experiencing poverty. The scale of this statistic is alarming. Given that our children are our future, this situation is not acceptable. Furthermore, the fact that such a large proportion of our children are living below the poverty line has obvious implications for the education system, for the success of these children within it, for their job prospects in the future and for Ireland’s economic potential in the long-term.

One in every four children (23 per cent) live in households experiencing deprivation of two or more basic necessities. The number of children living in poverty who are also experiencing deprivation (consistent poverty) stood at 8.8 per cent of all children in 2017; equivalent to approximately 110,000 children. Like the overall child poverty figure, this rate has changed little since the first CSO *SILC* survey in 2004.

Child poverty is essentially an issue of low income families and its prevalence highlights the scale of such households across the state. Child poverty solutions hinge on issues such as adequate adult welfare rates and decent rates of pay and conditions for working parents. Child benefit also remains a key route to tackling child poverty. It is of particular value to those families on the lowest incomes. Similarly, it is a very effective component in any strategy to improve equality and childcare.

Child poverty solutions hinge on issues such as adequate adult welfare rates, decent rates of pay and conditions for working parents and child benefit payments

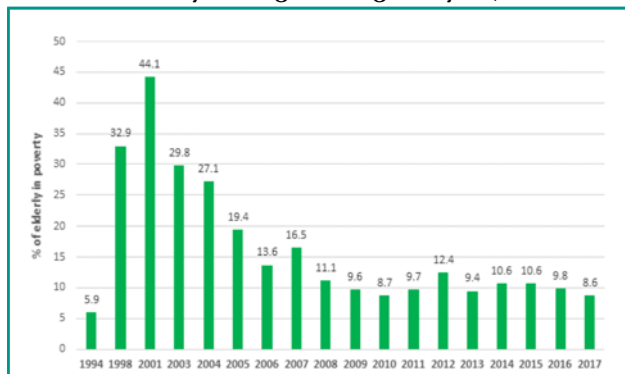
Table 2: Poverty Levels Expressed in Numbers of People, 2006-2017				
	2006	2009	2012	2017
Overall	719,593	639,209	776,335	762,549
Adults				
At work	115,854	91,407	94,713	109,045
Unemployed	59,726	82,458	149,056	102,944
Students/school	107,939	93,325	110,240	139,546
On home duties	132,405	115,058	120,332	99,894
Retired	41,736	30,043	45,804	44,990
Ill/disability	57,567	40,909	56,672	68,629
Other	12,953	9,588	14,750	15,251
Children				
Children (under 16 yrs)	191,412	176,422	184,768	182,249
Children (under 18 yrs)	250,418	223,084	232,124	231,052

Source: Calculated using CSO *SILC* Reports (various years)

Poverty and Older People

According to the CSO's 2016 *Census Results* there were 637,567 people aged over 65 years in Ireland in 2016. The CSO noted that this age group experienced the largest increase in the population since the previous Census (2011). Of those in this age group, more than a quarter live alone comprising 98,000 women and 59,000 men. When poverty is analysed by age the 2017 figures show that 8.6 per cent of those aged above 65 years live in relative income poverty.

Chart 1: Poverty among those aged 64yrs+, 1994-2017



Source: CSO and ESRI reports (various years)

Among all those in poverty, the retired have experienced the greatest volatility in their poverty risk rates (see Chart 1). In 1994 some 5.9 per cent of this group were classified as poor; by 1998 the figure had risen to 32.9 per cent and in 2001 it peaked at 44.1 per cent. The most recent data record a relatively stable poverty rate, of almost one in ten pensioners, with the reduction over the last decade driven by increases in old age pension payments. While this lower risk of poverty is welcome, it remains a concern that so many of this county's senior citizens are living on so little.

Poverty and Disability

Those not employed due to illness or a disability are one of the groups at highest risk of poverty with more than one in three (35.4 per cent) of this group classified in this category. Much like the experience of Ireland's older people, the situation of this group has varied significantly over the last two decades. The group's risk of poverty climbed from approximately three out of every ten persons in 1994 (29.5 per cent) to over six out of every ten in 2001 (66.5 per cent) before decreasing to approximately two out of every ten in the period 2008-2014. The most recent figures, for 2015-2017, mark another notable increase. As with other welfare dependent groups, these fluctuations parallel a period where policy first let the value of payments fall behind wage growth before ultimately increasing them to catch-up.

Overall, although those not at work due to illness or a disability only account for a small proportion of those in poverty, their experience of poverty is high. Furthermore, given the nature of this group *Social Justice Ireland* believes there is an on-going need for targeted policies to assist them. These include job creation, retraining and further increases in social welfare supports. There is also a very strong case to be made for introducing a non-means tested cost of disability allowance. This proposal, which has been researched and

costed in detail by the National Disability Authority and advocated by Disability Federation of Ireland, would provide an extra weekly payment of between €10 and €40 to somebody living with a disability (calculated on the basis of the severity of their disability). It seems only logical that if people with a disability are to be equal participants in society, the extra costs generated by their disability should not be borne by them alone. Society at large should act to level the playing field by covering those extra but ordinary costs.

Poverty and Education

The CSO *SILC* results provide an interesting insight into the relationship between poverty and completed education levels. As might be expected, the risk of living on a low income is strongly related to low completed education levels. Those whose education ceased at lower secondary or less carry a one in five chance of being poor; the risk is less than half this for those with third-level degree qualifications.

These figures underscore the relevance of continuing to address the issues of education disadvantage and early-school leaving. Government education policy should ensure that these high-risk groups are reduced. The CSO results also suggests that when targeting anti-poverty initiatives, a large proportion should be aimed at those with low education levels, including those with low levels of literacy.

The Experience of Poverty:

minimum incomes

Ongoing research from the Vincentian Partnership for Social Justice (VPSJ) provides a useful insight into the cost of a minimum essential standard of living (MESL) for individuals and households across the entire lifecycle.

A MESL is defined as one which meets a person's physical, psychological and social needs. To establish this figure, the research adopts a consensual budget standards approach whereby representative focus groups established budgets on the basis of a household's minimum needs, rather than wants. The study establishes the weekly cost of a MESL for 5 household types. Within these household categories, the analysis distinguishes between the expenditure for urban and rural households and between those whose members are unemployed or working, either part-time or full-time. The study also established the expenditure needs of a child.

The most recent update of these numbers followed Budget 2019. Looking at a set of welfare dependent households, the study found that four of the six household types received an inadequate income - only pensioner household and families with 2 young children aged 3 and 10 received an income in excess of the minimum. Among the other households, their shortfall means they have to cut back on the basics to make ends meet. The comparison between 2018 and 2019 highlights the impact of price increases and budgetary policy over that period. In each case the challenges facing households marginally reduced as the gap between income and expenditure decreased.

These results contain important implications for government policy if poverty is to be eliminated. These include the need to address child poverty, the income levels of adults on social welfare, the 'working poor' issue and access to services ranging from social housing to fuel for older people.

Going Without - the reality of life for one in every five

Income alone does not tell the whole story concerning living standards and command over resources. As we have seen in the NAPS definition of poverty (see page 2), it is necessary to look more broadly at exclusion from society because of a lack of resources.

This requires looking at other areas where *'as a result of inadequate income and resources people may be excluded and marginalised from participating in activities that are considered the norm for other people in society'* (NAPS, 1997). Although income is the principal indicator used to assess wellbeing and ability to participate in society, there are other measures such as deprivation.

While *Social Justice Ireland* among others have expressed reservations about the measures of deprivation being used; the trends are informative and offer some insight into living standards across the state.

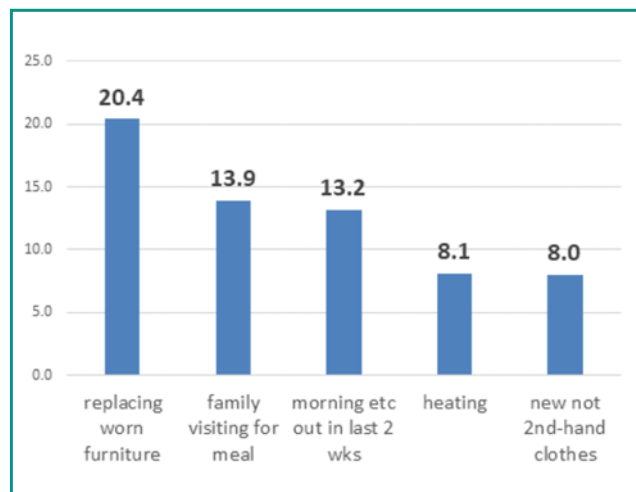
The deprivation rate, which measures the number of people force to go without at least 2 of 11 basic necessities examined by the CSO, stood at 18.8 per cent of the population in 2017. This is equivalent to just over 900,000 people.

Those five most common experiences of deprivation are presented in Chart 2. Among those living on an income below the poverty line, four in ten (42.8 per cent) experience deprivation of 2 or more items.

Consistent Poverty

Consistent poverty combines deprivation and poverty into a single indicator. It does this by calculating the proportion of the population simultaneously experiencing poverty and registering as deprived of two or more basic items. As such, it captures a sub-group of those who are poor.

Chart 2: What are People Going Without? % of population



Source: CSO SILC 2017

The 2017 SILC data indicate that 6.7 per cent of the population (around 325,000 people) experience consistent poverty. A Government target to reduce this measure to 4 per cent of the population by 2016 has been missed.

Poverty: Rural & Regional

Results from the CSO SILC survey provide a detailed breakdown of poverty by region (see p7). The data suggests an uneven national distribution of poverty. Using 2017 data, poverty levels are recorded as higher than the country as a whole for the Border, West, South-East and South-West regions. The CSO analysis also found that the risk of poverty is higher in rural areas compared to urban areas. In 2017 the risk of poverty in rural Ireland was 2.1 per cent higher than in urban Ireland with at risk rates of 17.2 per cent and 15.1 per cent respectively.

Poverty and Work - the 'working poor'

Having a job is not, of itself, a guarantee that one lives in a poverty-free household. According to the latest CSO data 5.4 per cent of those who are employed are living at risk of poverty – about 110,000 workers. Over time poverty figures for the working poor have shown little movement, reflecting a persistent problem with low earnings.

Many working families on low earnings struggle to achieve a basic standard of living. Policies which protect the value of the minimum wage and reduce the prevalence of precarious employment practices are relevant policy initiatives in this area. Similarly, attempts to highlight the concept of a 'living wage' and to increase awareness among low income working families of their entitlement to the Working Family Payment (formerly known as Family Income Supplement) are also welcome; although evidence suggests that FIS had a very low take-up and as such this approach has questionable long-term potential. *Social Justice Ireland* has long argued that one of the most effective mechanisms available within the present system to address the problem of the working poor would be to make tax credits refundable. We have addressed this proposal in detail in chapter 4 of our annual Socio-Economic Review *Social Justice Matters 2019*.

A recent report from the Nevin Economic Research Institute provided insights into the scale and composition of low pay. It established that 25% of employees (345,000) earn less than the (then) Living Wage of €11.45 per hour. The paper found that low pay was most common among: female workers; young workers; those in retail, hotels and security sectors; single parents and those on temporary contracts. Looking at the household level, the paper also found that a higher proportion of low paid employees are living in households that struggle financially, borrow for day to day living costs and experience deprivation.

Having a job is not, of itself, a guarantee that one lives in a poverty-free household...in 2017 almost 110,000 workers lived below the poverty line

Poverty: A European Perspective

It is helpful to compare Irish measures of poverty with those elsewhere in Europe. Eurostat, the European Statistics Agency, produces comparable 'at risk of poverty' figures (proportions of the population living below the poverty line) for each EU member state. The data is calculated using the 60 per cent of median income poverty line in each country. Comparable EU-wide definitions of income and equivalence scale are used. The latest data available for all member states is for the year 2017 when the average risk of poverty in the EU-28 was 16.9 per cent.

As chart 3 shows, Irish people experience a below average risk of poverty when compared to all other EU member states. Eurostat's 2008 figures marked the first time Ireland's poverty levels fell below average EU levels. This phenomenon was driven by sustained increases in welfare payments in the years prior to 2008. Ireland's poverty levels have remained below average EU levels since then to 2017. In 2017, across the EU, the highest poverty levels were found in the recent accession countries and in some of the countries most impacted by the recent economic crash - Romania, Bulgaria, Lithuania, Latvia, Estonia, Spain, Italy and Greece. The lowest levels were in Denmark, Slovakia, Finland and the Czech Republic.

While there have been some reductions in poverty in recent years across the EU, the data suggests that poverty remains a large and ongoing EU-wide problem. In 2017 the average EU-28 level implied that 85.3 million people live in poverty across all EU member states.

As part of the Europe 2020 Strategy, European governments have adopted policies to target these poverty levels and are using as their main benchmark the proportion of the population at risk of poverty or social exclusion. One of the five headline targets for this strategy aims to lift at least 20 million people out of the risk or poverty or exclusion by 2020 (using 2008 as the baseline year).

The indicator has been defined by the European Council on the basis of three indicators: the 'at risk of poverty' rate after social transfers; an index of material deprivation; and the percentage of people living in households with very low work intensity. It is calculated as the sum of persons relative to the national population who are at risk of poverty or severely materially deprived or living in households with very low work intensity, where a person is only counted once even if recorded in more than one indicator.

Since 2011 *Social Justice Ireland* has published an annual report analysing how Ireland is performing vis a vis the Europe 2020 goals. The most recent data indicate that the 2020 target is going to be very challenging to achieve with limited progress having been made since 2008. What is clear is that the austerity measures and broader policy initiatives which have been pursued in many EU countries have resulted in the erosion of social services and lead to the further exclusion of people who already find themselves on the margins of society. This is in direct contradiction to the inclusive growth focus of the Europe 2020 Strategy.

More details on this issue are available in chapter 3 of our annual Socio-Economic Review *Social Justice Matters 2019*.

Chart 3: Poverty Rates Across the EU-28, 2017 (Eurostat data)



Poverty in Ireland: Key Facts

Poverty Rate
15.7% of Ireland's Population

Poverty Number
760,000 people

Chart 4: Poverty Rate over time, 1994-2017

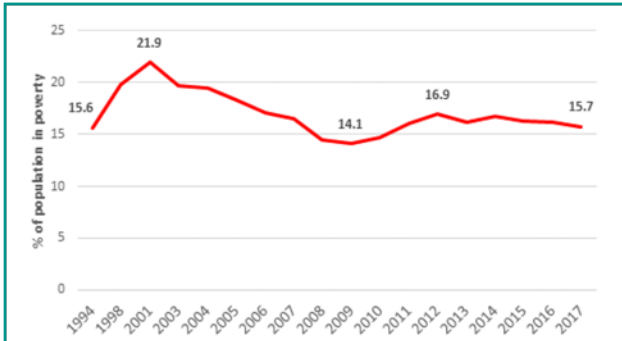


Chart 5: Poverty Numbers over time, 1994-2017

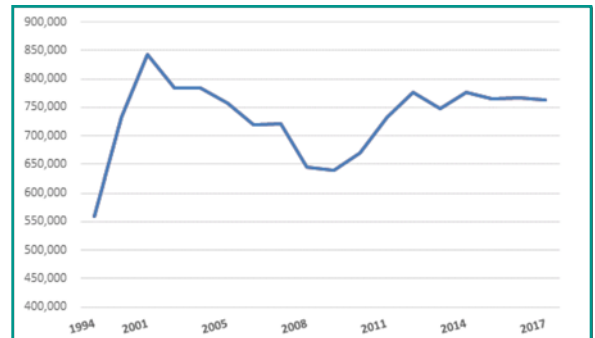


Table 3: Composition of Poverty, 2017

At work	14.3%
Unemployed	13.5%
Students/school	18.3%
On home duties	13.1%
Retired	5.9%
Ill/disabled	9.0%
Children (under 16 years)	23.9%
Others	2.0%
Total	100.0%

Table 4: Risk of each group being in Poverty, 2017

At work	5.6%
Unemployed	42.0%
Students/school	35.4%
On home duties	25.5%
Retired	9.1%
Ill/disabled	35.4%
Children (0-17 years)	18.4%
Overall population	15.7%

Chart 6: Deprivation Rate, 2005-2017



Chart 7: Poverty Risk by Region, 2017

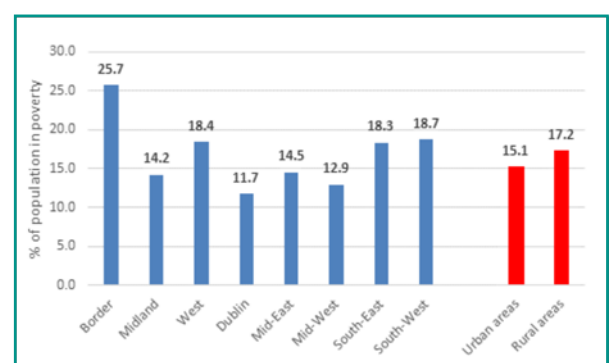


Table 5: The role of social welfare (SW) payments in addressing poverty

	2001	2004	2007	2010	2013	2017
Poverty pre SW	35.6	39.8	40.9	50.2	49.5	43.8
Poverty post SW	21.9	19.4	16.5	14.7	16.2	15.7
The role of SW	-13.7	-20.4	-24.4	-35.5	-33.3	-28.1

Sources for this page:

CSO SILC reports and online database
ESRI poverty Reports

Reducing Poverty: policy priorities

Social Justice Ireland believes that it should be a national priority to provide all with sufficient income to live life with dignity. This would require enough income to provide a minimum floor of social and economic resources in such a way as to ensure that no person in Ireland falls below the threshold of social provision necessary to enable him or her to participate in activities that are considered the norm for society generally.

If poverty rates are to fall in the years ahead, *Social Justice Ireland* believes that the following are required:

- increase in social welfare payments.
- equity of social welfare rates.
- adequate payments for children.
- refundable tax credits.
- decent rates of pay for low paid workers.
- a universal state pension.
- a cost of disability payment.

Social Justice Ireland believes that in the period ahead Government and policy-makers generally should:

Acknowledge that Ireland has an on-going poverty problem.

Adopt targets aimed at reducing poverty among particular vulnerable groups such as children, lone parents, jobless households and those in social rented housing.

Examine and support viable, alternative policy options aimed at giving priority to protecting vulnerable sectors of society.

Carry out in-depth social impact assessments prior to implementing proposed policy initiatives that impact on the income and public services that many low income households depend on. This should include the poverty-proofing of all public policy initiatives.

Provide substantial new measures to address long-term unemployment. This should include programmes aimed at re-training and re-skilling those at highest risk.

Recognise the problem of the 'working poor'. Make tax credits refundable to address the situation of households in poverty which are headed by a person with a job.

Support the widespread adoption of the Living Wage so that low paid workers receive an adequate income and can afford a minimum, but decent, standard of living.

Introduce a cost of disability allowance to address poverty and social exclusion of people with a disability.

Recognise the reality of poverty among migrants and adopt policies to assist this group. In addressing this issue also replace direct provision with a fairer system that ensures adequate allowances are paid to asylum seekers.

Accept that persistent poverty should be used as the primary indicator of poverty measurement and assist the CSO in allocating sufficient resources to collect this data.

Move towards introducing a basic income system. No other approach has the capacity to ensure all members of society have sufficient income to live life with dignity.

Recent Publications from Social Justice Ireland

National Social Monitor—European Edition Spring 2019

Recovery in Europe: uneven and incomplete (European Research Series 2019)

Measuring Progress: The Sustainable Progress Index 2019

Social Justice Matters—2019 Guide to a Fairer Irish Society

All of these and many more of our publications specifically focused on poverty are available on our website at www.socialjustice.ie



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Social Justice Ireland is an independent think-tank and justice advocacy organisation of individuals and groups throughout Ireland who are committed to working to build a just society where human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected.

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