

# Poverty in Ireland

## Measuring Poverty in Ireland

By measuring poverty we can find out how much poverty exists in our society, identify which groups are most affected by poverty and monitor changes in its level and distribution.

The most common method of measuring poverty is by a survey in which a representative sample of people are asked to answer questions on their income and spending.

A person is considered poor if either income or spending falls below some minimum level that represents basic needs in each society. This is called the *poverty line*. The poverty line is not the same everywhere because it is relative to what is the norm in a particular country.

In Ireland, poverty data is collected by the Central Statistics Office (CSO) using the Survey on Income and Living Conditions (SILC) which is conducted annually. The measures most commonly used by the CSO to calculate the number of people in poverty are *at-risk-of-poverty*, *material deprivation* and *consistent poverty*. Using a combination of these measures gives us a more comprehensive picture of poverty in Ireland.

### At-risk-of-poverty

This measure is also known as *relative poverty* or *income poverty*. It is measured by setting a *relative income poverty line*, which shows how an individual's or household's income compares to the average. This line is usually set at a level between 40 per cent and 70 per cent of the average income. This measure is used throughout the European Union to measure poverty and it enables comparisons to be made between member states.

Often, *median* income - the mid-point on the scale of all incomes in the State from the highest to the lowest - may be used rather than *mean* or average income as it gives a more accurate reflection of income levels - average income figures tend to be distorted by very high incomes at the top end of the scale.

In Ireland, *at-risk-of-poverty* is measured by calculating the median income and setting the line at 60 per cent of the median. The most recent figures show 15.8 per cent of the population are *at-risk-of-poverty*.

### Material Deprivation

This measure takes account of access to resources other than income. A *deprivation index* of items and activities that are generally taken to be the norm in a particular society is compiled. The organisation responsible for collecting poverty data usually develops the index.

People who are denied - through lack of income - items or activities on this index / list are regarded as experiencing relative deprivation. This is *enforced deprivation* as distinct from the personal choice not to have the items.

In Ireland, 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
- Unable to afford a morning, afternoon or evening out in the last fortnight for entertainment.

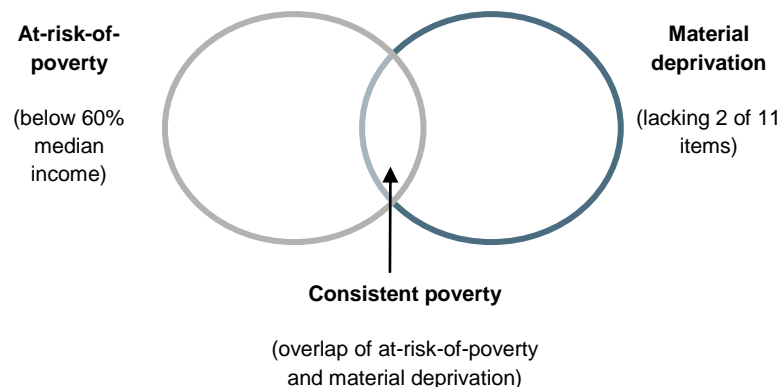
The most recent figures show 22.5 per cent of the population experienced *material deprivation* in 2010.

### Consistent Poverty

This measure is also known as the *combined income-deprivation measure* of poverty. It combines relative income poverty with relative deprivation. People whose income falls below the relative income poverty line and who also experience relative deprivation are regarded as living in consistent poverty.

This is the official method used to set the national poverty target in Ireland: the figure for *at-risk-of-poverty* is combined with the *material deprivation* indicators above to calculate the rate of *consistent poverty*, which is currently 6.2 per cent of the population.

**Diagram 1: National poverty indicators**



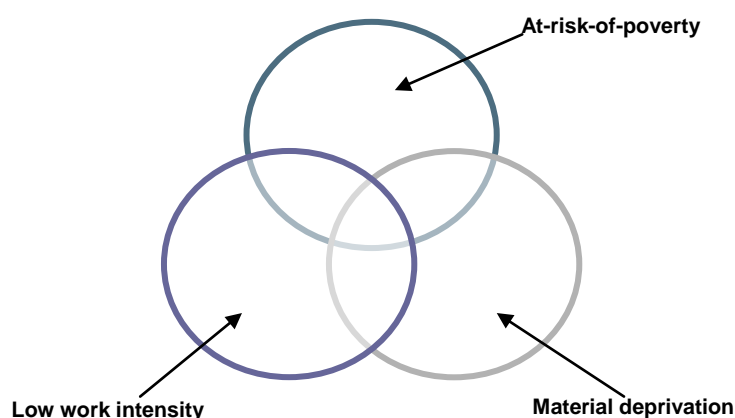
### EU Measures

The European Commission has an extensive range of common indicators on social protection and social inclusion. The indicators are used to monitor progress towards agreed objectives at EU level. See most recent list at: <http://ec.europa.eu/social/main.jsp?catId=756&langId=en>.

In June 2010, the European Council adopted *Europe 2020: A strategy for smart, sustainable and inclusive growth*, which sets out a vision of Europe's social market economy for the 21<sup>st</sup> century.<sup>1</sup> The strategy contains five headline targets on employment; research and development; climate change; education; and poverty. It was the first time the EU adopted an EU poverty target, which is to reduce poverty by lifting at least 20 million people out of the risk of poverty and social exclusion by 2020.

For the purposes of this new target, the EU prioritised three indicators: at-risk-of-poverty, material deprivation and low work intensity. The first two indicators correspond with the national indicators, though with some definitional differences.<sup>2</sup> The third EU indicator, low work intensity, is not used in Ireland, as its added value in terms of poverty measurement is unproven.

Diagram 2: EU poverty indicators



The EU combines all three indicators together to identify a total population ‘at-risk-of-poverty or social exclusion’ (those at-risk-of-poverty **or** material deprivation **or** low work intensity). Unlike the Irish indicators, the EU indicators do not differentiate between households with single or multiple forms of poverty. This “additive approach” is a major difference with the Irish use of poverty indicators, which does not add the two national indicators but focuses instead on the “overlap” of the two indicators (those at-risk-of-poverty **and** material deprivation), which is called consistent poverty.

The Irish figures for each of the EU indicators in 2010 are: *at-risk-of-poverty* at 16.1 per cent; *material deprivation* at 7.5 per cent; and *low-work intensity* at 22.9 per cent. The *at-risk-of-poverty or social exclusion* rate for Ireland was 29.9 per cent.

Comparative information on poverty and social exclusion across member states is available on [Eurostat’s website](#). Eurostat is the official statistical office of the European Union. The website provides data on the commonly agreed indicators and on the *Europe 2020* headline targets.

<sup>1</sup> European Council Conclusions, 17<sup>th</sup> June 2010.

<sup>2</sup> There are some minor differences in the income concept and the equivalence scale between the Irish and EU measure of at-risk-of-poverty. The Irish indicator of material deprivation is substantially different to the EU measure in terms of the total number of items (11 vs 9), the actual items (only two items overlap), and the threshold for being considered deprived (Ireland is two or more, EU is four or more).

## **More Information**

Detailed information on the SILC survey is available on [CSO - Central Statistics Office Ireland](#).

Prior to 2003, poverty data was collected by the Economic and Social Research Institute (ESRI) using the Living in Ireland Survey (LIS). Information on the LIS is available on the ESRI website [www.esri.ie](http://www.esri.ie). Note the results of the LIS are not directly comparable with SILC as the survey methods are different.

The preliminary report on the 2010 Survey on Income and Living Conditions (SILC): [http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2010/prelimsilc\\_2010.pdf](http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2010/prelimsilc_2010.pdf)

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