



## An Roinn Coimirce Sóisialaí Department of Social Protection

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### **Minister Burton re-affirms Government commitment to reducing poverty and proposes new sub-targets for reducing poverty among children and jobless households**

***Social transfers play major role in minimising the at-risk-of-poverty rate by 60 per cent during the economic crisis.***

Ms Joan Burton T.D., Minister for Social Protection today published a revised *national social target for poverty reduction*, which is to reduce consistent poverty to 4 per cent by 2016 (interim target) and to 2 per cent or less by 2020, from the 2010 baseline rate of 6.2 per cent. In addition, Ireland's contribution to the EU poverty target is to lift at least 200,000 people out of the risk of poverty and exclusion by 2020, again from a 2010 baseline.

The Minister stated: **"Reducing and ultimately eliminating poverty is a fundamental aspiration of Irish society. The national social target for poverty reduction provides a key reference point for government policies, and also contributes to the headline EU poverty target under the Europe 2020 Strategy. The Government has retained the ambition of the previous poverty target, despite the challenging economic conditions. The target will now be achieved over an extended timeframe of 2020 in line with the EU poverty target."**

The revised national social target for poverty reduction follows a government review of the previous target. The review found that social transfers reduce the at-risk-of-poverty rate (one of the two components of the poverty target) by 60 per cent. This is the highest performance in the



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EU and is twice as high as in EU countries most affected by fiscal consolidation.

Minister Burton said: **“This Government is committed to ensuring that the least well off in society are protected from the social impact of the crisis and are enabled to benefit from economic recovery and new employment opportunities. It is clear that the welfare system continues to be very effective in bolstering low incomes and reducing the risk of poverty.”**

Despite the strong performance from social transfers, the review found that there has y limited progress towards the consistent poverty target (from 7 per cent in 2005 to 6.2 per cent in 2010), and that much of the early progress has been set back by the economic recession. However, there is significant progress towards the target for vulnerable groups, with substantial reductions in poverty rates for children, people with disabilities, lone parent families and jobless households since 2005. Among older people, the consistent poverty rate has fallen to 1 per cent, indicating that the poverty target has been achieved for this group.

Minister Burton said: **“I welcome the fact that the poverty target for older people has been met, and that there have been significant improvements for many other vulnerable groups. But more needs to be done to reduce the burden of poverty on vulnerable groups.”**

For the first time, the Government will set sub-targets for the reduction of poverty among children and jobless households. The sub-target for children will reduce the differential in the rate of consistent poverty between children and adults, which currently stands at 50 per cent (8.2



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per cent vs 5.5 per cent). The sub-target for jobless households will reduce the concentration of the population in consistent poverty in such households, which currently stands at 64 per cent.

The Minister commented: **“The review shows that we need to refocus our policies on children and jobless households as the main groups vulnerable to poverty. We have to prioritise child poverty to prevent the intergenerational transmission of poverty. Equally, we have to ensure that jobless households are not permanently excluded from the labour market and left long-term dependent on the welfare system. The new integrated employment service, Intreo, will have a critical role in reducing the high rate of jobless households.”**

Another new feature of the national social target for poverty reduction is an annual monitoring report on progress towards the target, with input from stakeholders. As well charting progress on the target, the monitoring report will monitor trends on a number of supporting national and EU indicators, including vulnerable to consistent poverty, absolute poverty, at-risk-of-poverty and basic deprivation.

The Minister concluded: **“The national social target for poverty reduction offers a tangible benchmark to measure social and economic progress. We will use a transparent evidence-based approach to monitor progress on all facets of poverty, in consultation with stakeholders.”**

**ENDS**



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### Note to Editors:

A summary of the **policy briefing** on the national social target for poverty reduction is set out below. The briefing and related reports are published on: [www.socialinclusion.ie](http://www.socialinclusion.ie) and [www.welfare.ie](http://www.welfare.ie) .

The national social target for poverty reduction target is the outcome of a **review of the previous (2007) target**. The purpose of the review was to enable the Government to adopt appropriate and achievable national poverty targets to meet Ireland's contribution to Europe 2020 and the commitments in the *Programme for Government*. The review involved public consultative and engagement with key stakeholder and was informed by an ESRI technical paper on poverty measurement and an EU peer review involving nine other countries, the European Commission and relevant stakeholders.

### Measures of poverty

- **Consistent poverty** is the measure used to set the national social target for poverty reduction. It is the overlap of at-risk-of-poverty (below 60 per cent of median income) and basic deprivation (enforced lack of two or more basic necessities). The latest official figures show that the consistent poverty rate was 6.2 per cent in 2010.
- **Vulnerable to consistent poverty** is a new indicator which measures the overlap of at-risk-of-poverty between 60 and 70 per cent of median income and basic deprivation.
- **Absolute poverty** is also a new indicator which measures the at-risk-of-poverty rate anchored in 2010 values.



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The **EU poverty target** is to lift at least 20 million people out of the risk of poverty or exclusion by 2020.

The **previous national poverty target (2007)** was to reduce the rate of consistent poverty to between 2-4 per cent by 2012 and to eliminate it by 2016, from a baseline rate of 7 per cent in 2005. Under the revised target, the interim target will be 4 per cent by 2016 and 2 per cent or less by 2020 (2 per cent or less is the statistical expression for eliminating consistent poverty).

### Summary of national social target for poverty reduction

- ➔ The national poverty target is re-named as the 'national social target for poverty reduction'.
- ➔ The national social target for poverty reduction is to reduce consistent poverty to 4 per cent by 2016 (interim target) and to 2 per cent or less by 2020, from the 2010 baseline rate of 6.2 per cent.
- ➔ Ireland's contribution to the EU poverty target is to lift a minimum of 200,000 people out of the risk of poverty or exclusion by 2020 from the 2010 baseline.
- ➔ There will be a new national sub- target for the reduction of child poverty, to reduce the differential in the rate of consistent poverty between children and adults.
- ➔ There will be a new national sub- target for the reduction of poverty in jobless households, to reduce the concentration of the population in consistent poverty in these households.



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- ➔ There will be two additional indicators to monitor progress towards the target:
  - 'vulnerable to consistent poverty' (the population experiencing basic deprivation and having an income between 60 and 70 per cent of the median)
  - 'absolute poverty' (individuals falling below the 60 per cent median at-risk-of-poverty threshold anchored at 2010 values).
  
- ➔ The implementation of the target will be strengthened by:
  - incorporating poverty impact assessment as part of an integrated and strengthened social impact assessment
  - producing an annual monitoring report on progress towards the target with input from stakeholders.