This paper has been prepared by IGEES staff in the Department of Public Expenditure & Reform. The views presented in this paper do not represent the official views of the Department of Public Expenditure and Reform or the Minister for Public Expenditure and Reform.
Summary

The Survey on Income and Living Conditions (SILC) is annual survey conducted by the Central Statistics Office (CSO). It is the official dataset for a number of key income and poverty indicators. An analysis of 2016 SILC data was published as part of the Social Impact Assessment series in 2018. This paper builds on the previous paper and sets out key results for 2017.

Some of the main results from the analysis include:

In 2017, nominal median household income was €20,869. This is €111 greater than the previous peak level in 2008.

- Real median household income was €20,608 in 2017, this is €25 (-0.12%) lower than 2007 peak levels.
- Nominal income increased by €538 (2.65%) in 2017, this income growth was slower than increases experienced in previous years. In comparison, in 2016 nominal household income grew by 4.47%.

The increase of 2.6% in nominal income in 2017 was primarily as a result of the strong employment growth as more people returned to work.

- Increase in direct income of 8%.
- Decrease in the value of social transfers of 4%.

The Gini coefficient is an indicator used to measure income inequality and this coefficient grew slightly in 2017 by 0.8 points. Ireland’s Gini coefficient is now on a par with the Eurozone average.

The Consistent Poverty rate declined from 8.6% in 2016 to 6.7% in 2017.

- Older people of pensionable age have the lowest consistent poverty rate at 1.7% in 2017 while children (aged 0-17) have the highest level at 8.8%.
- Despite having the highest rate in 2017, the consistent poverty rate for children reduced by 3.9 percentage points from 2013 to 2017. This was the greatest reduction seen across all age cohorts.
- Most socio-economic groups experienced a reduction in their consistent poverty rates in 2017, with the unemployed group being the only exception.

Regional analysis shows marked improvements in income and poverty indicators for the Border and Western regions.

- 16% increase in median income in the Western Region.
- 5% increase in median income in the Border Region.

During economic downturns median income levels in Dublin tend to converge with the state level while during periods of recovery they diverge from the State level as seen in 2017. The income distribution for the Eastern and Midland region shows that the largest proportion of the population are in the top two income deciles. For the Border and Western region, the largest proportion of individuals are in the bottom two deciles.
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Introduction

This paper forms part of the Social Impact Assessment (SIA) series which aims to apply an evidence based methodology to assess the impact of policy on households’ financial position. The Programme for Government commits to ‘develop the process of budget and policy proofing as a means of advancing equality, reducing poverty and strengthening economic and social rights.’

This paper builds on analysis released in July of 2018 which examined Central Statistics Office (CSO) statistics between 2012 and 2016 to determine what effect the economic downturn had on income and living standards. This paper will primarily focus on the results for the 2017 release in order to examine changes in that year.

The Survey on Income and Living Conditions (SILC) is an annual survey series provided by CSO that examines a broad range of issues related to income and living conditions. It is the official dataset for a number of key income and poverty indicators including the median equivalised nominal income, the ‘At Risk of Poverty’ rate, and the Consistent Poverty rate.

SILC uses a rolling population for their surveys whereby two-thirds of the survey population is maintained every three years. This allows for a continuation of results from one year to the next. Movement in indicators could therefore be attributed to the new survey population tranche as well as changes in the wider economic context.

In this paper, key results from the 2017 SILC survey will be presented including comparisons with 2016 SILC figures. The paper will focus on the following:

1. **Household Income levels and Income Inequality**
   a. Historical changes in real and nominal household income
   b. Components of household income
   c. Income inequality

2. **Poverty indicators across specific characteristics, including:**
   a. Age
   b. Economic Status
   c. Housing tenure status

3. **Regional distributional analysis**
   a. Income levels across regions
   b. Poverty indicators across regions
1. Household Income

A. Historical Level of Household Income

There are three broad elements of income: direct income, social transfers, and tax and social contributions. The equations below set out the relationships between the different elements.

\[
\text{Direct income} + \text{social transfers} = \text{Gross Income}
\]

\[
\text{Gross Income} - \text{tax & social contributions} = \text{Net disposable income}
\]

The main metric used to measure developments in average income levels is median equivalised disposable income per person. The metric used to measure developments in income is median equivalised disposable income per person. The equivalised disposable income is the total income of a household, after tax and other deductions, divided by the number of household members converted into equalised adults; household members are equalised by weighting each according to their age, using the modified OECD equivalence scale. Disposable income is any income after taxes and social contributions that is available for personal use.

Nominal income is a measure of the income available as cash to individuals. Changes in nominal income measures the changes in cash income that individuals have gained or lost. Real income measures the available cash income of individuals in respect of inflation. A high inflationary environment will reduce the level of real income that an individual has as they are able to purchase less goods and services with the same level of nominal cash income.

The recent SILC data shows that increases in income have continued in 2017. As can be seen in Figure 1 median incomes fell following the economic downturn and have since recovered. Between 2012 and 2017, nominal median incomes increased from €17,937 in 2012 to €20,869 in 2017. This is an increase of €2,932, or 16%. Real median household income was €20,608 in 2017, this is €25 (0.12%) lower than 2007 peak levels.

- There was a €538 (2.65%) increase in nominal median household income in 2017.
- In 2017, nominal median household income was €20,869. This is now €111 above the peak level of income achieved in 2008.

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1 The equivalised disposable income is the total income of a household, after tax and other deductions, that is available for spending or saving, divided by the number of household members converted into equalised adults; household members are equalised or made equivalent by weighting each according to their age, using the modified OECD equivalence scale.
Average income levels peaked in 2008 before declining steeply over the next three years resulting in a 13% reduction by 2011. Between 2012 and 2017, there was significant growth in real and nominal incomes bringing income to similar levels seen in 2008. Over the period 2012 to 2017, income increased cumulatively by 15%. Given low inflation levels of approximately 2% during this period, there was a lack of divergence between real and nominal incomes (See Figure 1). This indicates that the purchasing power of income has not reduced but in real terms incomes have not increased above their levels in 2012.

While incomes are expected to continue increasing beyond 2017, the growth rate in income has slowed; growth in income in 2016 was 4.47%, while in 2017 it was 2.65%.
Figure 2 - Growth in real and nominal median equivalised income per year 2007-2017

B. Composition of Household Income

Direct Income

The most significant contributor to weekly income growth has been direct income reflecting labour market improvements over the period 2012 to 2017.

Direct income is any income gained from employment or self-employment. Social transfers are any cash benefit provided by the government through taxation and PRSI, and includes social protection payments and housing allowances.

Growth in income has largely been positive since 2009. The growth in direct income has been the biggest contributor to growth in overall disposable income. In 2009 direct income stood at an average of €410.88 before reducing to €376.33 in 2012. Since 2012 direct income has increased to reach €498.45 in 2019, this is a cumulative increase of 32.5%. As shown in Figure 3, direct weekly income grew to €498 in 2017, an increase of 8%. The value of weekly social transfers decreased to €148 or by 4% in 2017.
When the composition of direct income is examined, employee income has seen the largest growth.

- Employee income grew by €65.90 (21.4%).
- Income from self-employment grew by €10.30 (18.3%) and
- Income from employer’s social insurance contributions grew by €10.50 (31.1%).

The growth in direct income in 2017 was greater than in 2016, primarily due to a large increase in income from self-employment. Growth in income from self-employment was concentrated in the top decile of the income distribution particularly in the 10th income decile. The increase in self-employed income in the 10th decile has been as a result of two movements, higher incomes from self-employment generally at the upper end of the income distribution and more self-employed individuals moving into the 10th decile. Examining decile characteristics as a percentage of the total population shows that the percentage of the population in the top income decile increased by 0.1% or 4,761 individuals. As there is no upper limit for the top income decile, large increases in income in excess of the normal decile ranges for a small number of individuals can skew the mean for this decile away from the norm.
Social Transfers

As can be seen in Table 1 below, income gained from social transfers decreased by 4% in 2017 with reductions seen across all areas except old-age related benefits.

- The value of unemployment benefits decreased by €2.60 or 11.2%.
- The value of housing benefits decreased by €0.68 or 16.4%.

As the Live Register has continued to decrease since its highest level in 2011, reductions in unemployment benefits reflect the reductions in the number of individuals on the Live Register with a 14.6% reduction in the Live Register in 2017. As the value of social transfers are averaged across the whole population, reductions may reflect a fall in the number of payments that are being made rather than the relative value of each payment.

Table 1 – Changes in the Composition of Social Transfers in 2016 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Benefits</td>
<td>-6.1%</td>
<td>-11.2%</td>
</tr>
<tr>
<td>Old-age related benefits</td>
<td>0.9%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Occupational Pension</td>
<td>2.6%</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Family/Children related allowances</td>
<td>-2.6%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Housing Allowances</td>
<td>7.2%</td>
<td>-16.4%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Total</td>
<td>-0.3%</td>
<td>-3.9%</td>
</tr>
</tbody>
</table>

Source: CSO SILC Data
Table 1 shows the wide variation between the change in the composition of social transfers in 2016 and 2017. Housing allowances fell sharply in 2017 after increasing in 2016 by 7.2%. Recipients of rent supplements began to transfer to the Housing Assistance Payment (HAP) in 2017 however HAP was not collected as part of SILC 2017, this may explain some of the decrease in the value of housing allowance despite an overall increase in the number of recipients.2

When disaggregated across the income distribution, the value of social transfers decreased for more than half of all income deciles. Decreases in the 8th and 10th decile may be attributed to a fall in the value of occupational pensions and old-age related payments. The value of all pension benefits in the 8th decile reduced by €10.84 and by €22.84 in the 10th decile. Losses in the 2nd and 3rd decile are as a result of a lower value of housing allowances which reduced by €1.55 and €2.45 respectively. Growth in the 4th and 5th deciles is as a result of the rise in the value of the state pension and family/children related allowances.

![Figure 5 - Changes in the value of weekly social transfers by decile, 2016-2017](image.png)

**Figure 5 - Changes in the value of weekly social transfers by decile, 2016-2017**

**Source:** CSO SILC Data

C. Income Distribution

Figure 6 illustrates annual percentage increase in income across deciles comparing average growth from 2012 to 2016 and growth for 2017. On average, annual growth from 2012 to 2016 has been highest in the 1st and 2nd deciles. Increases in the level of employment in all deciles as well as overall increases in income have contributed to this growth. In 2017, the 9th and 10th deciles experienced the greatest growth in income, this may be as a result of increases in income from self-employment. As there is no upper limit for the top income

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decile, large increases in income in excess of the normal decile ranges for a small number of individuals can skew the mean. (See Figure 4)

Figure 6: Income growth by deciles, annual average 2012-2016, and 2016-2017

As well as determining changes in the income distribution, SILC provides measures of income inequality. Income inequality is primarily measured by two indicators, the Quintile Share Ratio and the Gini coefficient.

I. Income Quintile Share Ratio

The quintile share ratio is the ratio of income received by the 20% of the population at the top end of income distribution compared to the 20% at the bottom. A lower quintile share ratio is indicative of a more equal society as the difference between the top and bottom 20% of the population is lower. Figure 7 compares the quintile share ratio across Eurozone countries. In 2017, Ireland had a quintile share ratio of 4.6 and this ratio is below the Eurozone average of 5.1. Countries with higher levels of social transfers tend to perform better when comparing these indicators as the state takes a larger role in the redistribution of income.

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3 The income quintile share ratio or the S80/S20 ratio is a measure of the inequality of income distribution. It is calculated as the ratio of total income received by the 20% of the population with the highest income (the top quintile) to that received by the 20% of the population with the lowest income (the bottom quintile). i.e. a quintile share ratio of 5 means the top 20% of the population have 5 times as much income as the bottom quintile.
Figure 7 - Comparison of Quintile Share Ratio by Eurozone Country - 2017

Source: Eurostat SILC Data

Figure 8 illustrates the movement in the indicator over time from 2006 to 2017 compared to the UK and the Eurozone. It can be seen that Ireland’s quintile share ratio has been consistently lower than the UK and the Eurozone average since 2014. In comparison to the UK, Ireland has a more generous system of cash transfers which will lower the difference between the top and bottom of the income distribution.

Figure 8 - Comparison of quintile share ratio by selected European countries 2006-2017

Source: Eurostat Data
Between 2016 and 2017, the ratio increased by 0.2 points from 4.4 in 2016 to 4.6 in 2017. This reflects the increase in income at the top of the income distribution as illustrated in Figure 6.

II. Gini Coefficient

As seen in Figure 9, income inequality as measured by the Gini coefficient after social transfers grew slightly in 2017 by 0.8 points.

The Gini coefficient is a measure of the degree of equality of income across society with 0 representing perfect equality and 100 representing total inequality. Countries with a more progressive system of tax and social contributions tend to perform better on the Gini coefficient scale due to greater levels of income redistribution.

There is significant difference in Ireland’s Gini coefficient when measured before and after social transfers. Social transfers contribute significantly to the reduction in income inequality in Ireland. In 2017, Ireland’s Gini coefficient before social transfers stood at 41.6 compared to 30.6 after social transfers. This shows the work that Ireland’s system of social transfers does to alleviate the market inequality that exists in the Irish economic system.

*Figure 9 - Comparison of Gini coefficient before and after social transfers*

Source: Eurostat Data: ilc_di12c
Ireland’s Gini coefficient after social transfers increased from 29.5 in 2016 to 30.6 in 2017. Ireland’s coefficient is now almost at a par with the Eurozone average of 30.5 in 2017. Ireland’s coefficient still remains well below the United Kingdom’s of 33.1 in 2017, a gap of 2.5 points.\(^4\)

**Figure 10 - Comparison of the Gini Coefficient; Ireland, UK, & Euro area**

Source: Eurostat Data: ilc_di12

### 2. Poverty Indicators

**At Risk of Poverty rate**

The ‘At Risk of Poverty’ rate measures the percentage of the population whose income is less than 60% of the nominal median income in a given year (€20,869 in 2017). This metric is relative to the median income and changes every year with changes in the income distribution.

Overall social transfers play a significant role in reducing the At Risk of Poverty rate; the difference in the ‘At Risk of Poverty’ rate in 2018 is higher than it was in 2006 before the economic recession however, improvements in the before transfers social transfers rate points to a rise in market incomes indicating robust employment growth and rising wages as outlined above.

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\(^4\) There is a difference in the calculation of the Gini coefficient between the CSO and Eurostat. This accounts for the difference in the GINI coefficient in Figures 9 & 10.
Figure 11 above illustrates a comparison of the ‘At Risk of Poverty’ rate before and after social transfers in Ireland. This is an important dynamic in the context of living standards and poverty in Ireland. The before transfers ‘At Risk of Poverty’ rate increased during the recession while it has now started to reduce again, the rate is still above the 2006 level. There has been little change in the after social transfers ‘At Risk of Poverty’ with an overall change in the rate of 2.8 percentage points between the lowest point in 2009 and the highest in 2012.

The social transfer system (tax and social welfare) plays an important role in terms of reducing the ‘At Risk of Poverty’ rate by providing a floor for all incomes through cash transfers. In 2017 social transfers reduced the rate by 28.1 percentage points (p.p.). The gap between the before and after ‘At Risk of Poverty’ rate has been narrowing in recent years this indicates improvements in the earnings of the population as they move above the 60% of median income threshold.

Figure 12 below illustrates the reduction in the “at risk of poverty rate” before and after social transfers in Ireland compared to the EU27 average, Germany and the UK.

In 2011, Ireland’s social transfers system reduced the “at risk of poverty rate” from 50% to 15%. This was a 35 percentage point reduction. The system performed well and was much higher than the EU 27 average of 27 percentage points. However since the 2011 peak, the impact of the social transfer system has reduced
considerably. In 2017, Ireland’s social transfers system reduced the “at risk of poverty rate” from 42.6% to 15.6%, a reduction of 27 percentage points. This is now on par with the EU 27 average.

*Figure 12: Reduction in ‘At Risk of Poverty’ rate before and after social transfers [incl. pensions]*

![](image)

**Consistent Poverty Rate**

Consistent poverty is the other poverty indicator provided by the CSO. Consistent poverty is the metric used by the Irish government to measure levels of poverty across the state. It is a composite metric which describes someone whose income is below the ‘At Risk of Poverty’ threshold and who cannot afford to provide at least two of the eleven items listed as deprivation indicators. Anyone who meets both of these conditions is considered to be in consistent poverty.

The consistent poverty rate fell from 8.2% in 2016 to 6.7% in 2017. This is a significant improvement in this poverty metric that indicates improvements in income and living conditions for people in Ireland in 2017.

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5 There is a difference in the calculation of the ‘At Risk of Poverty’ rate between the CSO and Eurostat. This accounts for the difference in the rates for Ireland shown in Figures 11 & 12.

6 [http://www.welfare.ie/en/Pages/Poverty-Indicators.aspx](http://www.welfare.ie/en/Pages/Poverty-Indicators.aspx)

7 Consistent poverty describes individuals that are both at risk of poverty due to income and unable to purchase certain consumer items as described the deprivation rate.

8 See Appendix B
A. Consistent Poverty by Age

While median income levels and poverty indicators are improving, improvements have not been the same for all cohorts.

Over the period 2014 to 2017, there was a considerable improvement in consistent poverty rates for all age groups. While overall consistent poverty rates have declined since 2014 there is variation in the degree of this reduction across different age cohorts. See Figure 14 below for the reduction in consistent poverty across three broad age groups; 0-17 years, 18-64 years, and over 65 years.

Older people of pensionable age have the lowest consistent poverty rate at 1.7% in 2017 while children (aged 0-17) have the highest level at 8.8%. Despite having the highest consistent poverty rate in 2017, children aged 0-17 years have experienced the greatest reduction in consistent poverty since peak levels in 2013. As seen in Figure 14, the consistent poverty rate for 0-17 year olds reduced by 3.9 percentage points between 2013 and 2017, this was the greatest reduction experienced across all age cohorts.

Despite these improvements, consistent poverty rates for children (0-17) and people of working age (18-64) are still higher than the targets set as part of the National Action Plan for Social Inclusion. The action plan sets a target of between 2% and 4% for all demographic cohorts.

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B. Consistent Poverty by Economic Status

Consistent poverty can also be examined by economic or demographic characteristics. Figure 15 below illustrates the consistent poverty rate by economic status for 2016 and 2017.

Source: CSO SILC Data
Unemployed individuals and those not at work due to illness or disability report the highest levels of consistent poverty relative to other groups in society. People in unemployment were the only group that saw their rate of consistent poverty increase in 2017 from 23.4% to 24.1%.

Because median income is used to determine poverty metrics, the movement of the median will inevitably affect poverty indicators without a reduction in living standards. Median real income has increased by €2,671 (15%) on average per year between 2012 and 2017.

Comparing demographic characteristics, people at work increased their income by €885 (3.5%) which was the highest increase amongst the various demographic cohorts. People in unemployment as well as people out of work due to illness or disability (those more reliant on social transfers for income) have not seen social transfers increase at the same rate as in-work income increases. While this has led to poorer results in poverty indicators for the unemployed, these groups are still better off in monetary terms than they were in 2016 (See Table 2). Retirees’ income fell despite the increases in the state pension in 2017. This may be due to the falling value in occupational pensions.

| Table 2 - Change in Median Income & Consistent Poverty Rate by demographic characteristics |
|---------------------------------|-------------------------------|-------------------|-------------------|
|                                | Median Income | Consistent Poverty Rate |
|                                | 2016  | 2017  | Annual Change | 2016 | 2017 | Annual Change |
| At work                        | €25,143 | €26,028 | €885 | 3.5% | 2.1 | 1.4 | -0.7 |
| Unemployed                     | €13,361 | €13,434 | €73 | 0.5% | 23.4 | 24.1 | 0.7 |
| Student                        | €15,700 | €16,383 | €683 | 4.4% | 15.8 | 13.8 | -2 |
| Home duties                    | €14,874 | €15,282 | €408 | 2.7% | 12 | 10.4 | -1.6 |
| Retired                        | €19,034 | €18,345 | -€689 | -3.6% | 1.7 | 1.5 | -0.2 |
| Unable to work due to sickness/disability | €13,484 | €14,096 | €612 | 4.5% | 25.9 | 24 | -1.9 |

Source: CSO SILC Data

The reduction in unemployment may also have led to a deterioration in the poverty indicators for the cohort of people in unemployment. As the rate of unemployment continues to fall, the individuals that are still unemployed are those most distant from the labour market. These individuals may have greater difficulty gaining employment and moving out of poverty. This will impact the poverty indicators for this cohort.
C. Poverty indicators by housing tenure Status

In terms of tenure status in 2017, 69.5% of the population lived in owner-occupied accommodation while 12.7% were renting at market rates and 17.7% rent at below market rates (See Table 3).

Table 3 - Proportion of the population by tenure status

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-occupied</td>
<td>69.5</td>
<td>69.5</td>
</tr>
<tr>
<td>Rented at market rate</td>
<td>13.5</td>
<td>12.7</td>
</tr>
<tr>
<td>Rented at below market rate or rent free</td>
<td>17</td>
<td>17.7</td>
</tr>
</tbody>
</table>

Source: CSO SILC Data

From 2016 to 2017, the percentage of the population that rented at below market rates increased. There was no movement in the proportion of owner-occupied tenures from 2016 to 2017.

Figure 16 illustrates consistent poverty rates by tenure status between 2004 and 2017. Over this period, poverty rates were lowest for owner-occupiers and highest for those renting at below market rates or rent free.

Source: CSO SILC Data

The greatest reduction in the consistent poverty rate was seen for those renting at below market rates or rent free. From 2014 to 2017, consistent poverty rates for owner-occupied households remained relatively static over the period. Both cohorts in the rental market saw large decreases in their respective consistent poverty rates in 2017.
3. Regional Analysis

Analysis of regional differences in income and poverty indicators highlight differentials across the country. The CSO provide data corresponding to NUTS III\textsuperscript{10} regions which facilitates regional analysis of the SILC data. Differences in indicators across regions may be due to a number of different factors such as, employment, economic activity, and type of industry available in these regions.

A. Median Income Levels and distribution

Over the period 2006 to 2017, Dublin consistently reported the highest income levels in the country with an average premium of 20% above the national median income level. The gap between regions was greatest in 2008 with income in Dublin 28% above the national average while income levels in the Midlands were 23% lower than the national average. This gap between regions narrowed over the course of the economic downturn due to falling incomes at the upper end of the income distribution that would have primarily impacted Dublin and the Mid-East. In 2014 and 2015, this gap between regions increased again as incomes increased at a faster rate in Dublin and the Mid-East compared to the rest of the state.

In 2017 there were marked improvements in a number of regions as shown in Figure 17. The Western region in particular increased median income by 16% which was the biggest improvement amongst the regions, the Border region also experienced an improvement at a 5% rise in median income. The Mid-Eastern region also improved from 100% of the state median income to 106% of the state median. The South-Eastern region was the only region to experience a considerable reduction in median income in 2017, median incomes in this region reduced by €1,865 or 10% from €18,854 in 2016 to €16,989 in 2017.

\textit{Figure 17 - Median equivalised nominal disposable income by region, 2016 & 2017}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure17.png}
\caption{Median equivalised nominal disposable income by region, 2016 & 2017}
\end{figure}

\textbf{Source:} CSO SILC Data

\textsuperscript{10} See Appendix
Figure 18 illustrates the median income for each region compared to the national average income level in 2017. Dublin and the Mid-East consistently performed better than the national average while other regions performed below the national average. Incomes in Dublin and the Mid-East were 20.1% and 6.6% higher than the national average respectively while the Border region is 19.7% lower.

Figure 18 - Regional Median Incomes compared to the State median income, 2017

The CSO also provide income distribution by NUTS II regions, a larger administrative area than the previous set of statistics. In 2017, the Eastern & Midlands regions had the highest percentage of its population in the top decile at 14%, while the largest proportion of the Northern & Western region were in the 2nd decile. The Southern region had the flattest income distribution with no specific outliers. The highest proportion in this region were in the 3rd and 4th decile. (See Figure 19)

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11 See Appendix A
B. Poverty Indicators

Historically, the consistent poverty rate for Dublin and the Mid-East was below the national average while the Border, Midlands and South-East regions were consistently higher than the national average. Poverty indicators are highest in the Border region and South-West region at 9.4% and 8.5% respectively. Both regions saw a decrease in their consistent poverty rate in 2017. However, similar to trends in median income, the Western Region saw the largest decrease in consistent poverty rate from 7.8% in 2016 to 3.9% in 2017.

Table 4 – Comparison of Consistent Poverty Rate by region 2016 & 2017

<table>
<thead>
<tr>
<th>Region</th>
<th>2016 (%)</th>
<th>2017 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Level of Consistent Poverty</td>
<td>8.2</td>
<td>6.7</td>
</tr>
<tr>
<td>Border</td>
<td>11.4</td>
<td>9.4</td>
</tr>
<tr>
<td>Midlands</td>
<td>10.6</td>
<td>7.7</td>
</tr>
<tr>
<td>West</td>
<td>7.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Dublin</td>
<td>7.3</td>
<td>6.4</td>
</tr>
<tr>
<td>Mid-East</td>
<td>8.1</td>
<td>6.5</td>
</tr>
<tr>
<td>Mid-West</td>
<td>7</td>
<td>6.2</td>
</tr>
<tr>
<td>South-East</td>
<td>6.3</td>
<td>5.9</td>
</tr>
<tr>
<td>South-West</td>
<td>9.4</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Source: CSO SILC Data
Despite national level indicators showing improvements for both income and poverty indicators, there is still considerable disparity in the level of income across regions. Figure 19 illustrates the differences in the income distribution between regions. In the Eastern and Midlands region, the largest proportion of individuals are in the top income decile while the opposite is true for the other two regions.

**Conclusion**

The short term outlook for living standards is positive with forecasts pointing to continued employment and earnings growth. However, developments in employment creation and earnings growth may not be evenly spread across the income distribution.

In 2017, nominal median household income was €20,869. This is €111 greater than the previous peak level in 2008. Real median household income was €20,608 in 2017, this is €25 (-0.12%) lower than 2007 peak levels. Nominal income growth slowed in 2017 compared to 2016, growth in income in 2016 was 4.5% while growth in 2017 was 2.5%.

There is a large gain in income in the 9th and 10th decile from self-employment; these increases contrast to those in previous SILC releases, this may be due to large increases by a small number of individuals that have skewed results.

The increase in nominal income of €538 or 2.6% in 2017 was primarily as a result of the strong employment growth as more people returned to work. The growth was driven by an increase in direct income of 8% and a decrease in the value of social transfers of 4%.

Overall, poverty indicators have improved with reductions in the ‘At Risk of Poverty’ rate before social transfers continuing in 2017. This reflects continued improvements in the labour market and reductions in unemployment. There was also a slight reduction in the ‘At Risk of Poverty’ rate post social transfers reflecting the increase in social welfare rates.

The Consistent Poverty rate declined from 8.6% in 2016 to 6.7% in 2017.

- Older people of pensionable age have the lowest consistent poverty rate at 1.7% in 2017 while children (aged 0-17) have the highest level at 8.8%.
- Despite having the highest rate in 2017, the consistent poverty rate for children reduced by 3.9 percentage points from 2013 to 2017. This was the greatest reduction seen across all age cohorts.
- Most socio-economic groups experienced a reduction in their consistent poverty rates in 2017, with the unemployed group being the only exception.

The interplay between the growth in employment and earnings along with decreases in social transfers since 2017 should have improved overall living standards with a differential impact across income deciles. SILC results for 2018 and 2019 when available will be highly instructive in this regard.
Appendix

A - Regions of Ireland

Ireland organises statistical data for regions is organised along NUTS (Nomenclature of Territorial Units for Statistics) classification which is based on population sizes. Ireland only has one NUTS Level 1 region which is the country as a whole. NUTS 2 & 3 classifications apply to smaller areas of the country while the smallest region recognised by the EU is the county. NUTS 2 regions were reorganised in 2018 to better reflect the amalgamation of local authorities and the establishment of three regional assemblies. North Tipperary was amalgamated with South Tipperary and moved from the South-East region to the Mid-West region, and Louth was moved from the Border region to the Mid-East region.

NUTS regions are regulated and agreed by Eurostat in conjunction with each member-state. Ireland’s NUTS 2 & 3 regions correspond as follows:

Table 5 - NUTS 2 regional classifications

<table>
<thead>
<tr>
<th>Map Colour</th>
<th>Region Name</th>
<th>NUTS 3 Regions Included</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue</td>
<td>Northern &amp; Western Region</td>
<td>Border, West</td>
</tr>
<tr>
<td>Red</td>
<td>Eastern &amp; Midland Region</td>
<td>Midlands, Mid-East, Dublin</td>
</tr>
<tr>
<td>Green</td>
<td>Southern Region</td>
<td>South-East, South-West, Mid-West</td>
</tr>
</tbody>
</table>

Table 6 - NUTS 3 regional classifications

<table>
<thead>
<tr>
<th>Map No.</th>
<th>Region Name</th>
<th>Local Government areas included</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Border Region</td>
<td>Cavan, Donegal, Leitrim, Monaghan, Sligo</td>
</tr>
<tr>
<td>2</td>
<td>West Region</td>
<td>Mayo, Roscommon, Galway and Galway City</td>
</tr>
<tr>
<td>3</td>
<td>Midland Region</td>
<td>Laois, Longford, Offaly, Westmeath</td>
</tr>
<tr>
<td>4</td>
<td>Mid-East Region</td>
<td>Kildare, Meath, Wicklow, Louth</td>
</tr>
<tr>
<td>5</td>
<td>Dublin Region</td>
<td>Dún Laoghaire–Rathdown, Fingal, South Dublin and Dublin City</td>
</tr>
<tr>
<td>6</td>
<td>South-East Region</td>
<td>Carlow, Kilkenny, Wexford, Waterford City &amp; County</td>
</tr>
<tr>
<td>7</td>
<td>South-West Region</td>
<td>Kerry, Cork and Cork City</td>
</tr>
<tr>
<td>8</td>
<td>Mid-West Region</td>
<td>Clare, Tipperary, Limerick City &amp; County</td>
</tr>
</tbody>
</table>
Figure 20 - NUTS 3 regional classifications (reflecting 2018 changes)
B - Deprivation Indicators

An individual is considered to be deprived if they cannot afford to buy 2 of the 11 items outlined as part of the deprivation index. The index was developed by the ESRI and has been used to measure poverty in Ireland since 1987. The index was revised in 2007 to reflect current living standards and to focus to a great degree on social inclusion and participation in society. The 11 deprivation indicators are set out below.

*Table 7 - Deprivation Index*

<table>
<thead>
<tr>
<th>No.</th>
<th>Deprivation Indicator</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Unable to afford two pairs of strong shoes</td>
</tr>
<tr>
<td>2</td>
<td>Unable to afford a warm waterproof overcoat</td>
</tr>
<tr>
<td>3</td>
<td>Unable to buy new, not second-hand clothes</td>
</tr>
<tr>
<td>4</td>
<td>Unable to afford to eat meals with meat, chicken, fish (or vegetarian equivalent)</td>
</tr>
<tr>
<td></td>
<td>every second day</td>
</tr>
<tr>
<td>5</td>
<td>Unable to have a roast joint or its equivalent once a week</td>
</tr>
<tr>
<td>6</td>
<td>Go without heating during the last year through lack of money</td>
</tr>
<tr>
<td>7</td>
<td>Unable to keep the home adequately warm</td>
</tr>
<tr>
<td>8</td>
<td>Unable to buy presents for family or friends at least once a year</td>
</tr>
<tr>
<td>9</td>
<td>Unable to replace any worn out furniture</td>
</tr>
<tr>
<td>10</td>
<td>Unable to have family or friends for a drink or meal once a month</td>
</tr>
<tr>
<td>11</td>
<td>Unable to have a morning, afternoon or evening out in the last fortnight, for entertainment</td>
</tr>
</tbody>
</table>
**Quality Assurance process**

To ensure accuracy and methodological rigour, the author engaged in the following quality assurance process.

<table>
<thead>
<tr>
<th>Internal/Departmental</th>
<th>✓ Line management</th>
</tr>
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<tbody>
<tr>
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<td>✓ Other divisions/sections</td>
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<tr>
<td></td>
<td>✓ Peer review (IGEES network, seminars, conferences etc.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External</th>
<th>✓ Other Government Department</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓ Quality Assurance Group (QAG)</td>
</tr>
<tr>
<td></td>
<td>✓ Peer review (IGEES network, seminars, conferences etc.)</td>
</tr>
<tr>
<td></td>
<td>✓ External expert(s)</td>
</tr>
</tbody>
</table>

☐ Other (relevant details)