



 **The Community  
Foundation for Ireland**

October 2022

# POVERTY, INCOME INEQUALITY AND LIVING STANDARDS IN IRELAND: SECOND ANNUAL REPORT

Barra Roantree, Michelle Barrett, Paul Redmond

**28<sup>th</sup> October 2022**

**Barra Roantree**

**Michelle Barrett**

**Paul Redmond**



 **The Community  
Foundation for Ireland**



 **The Community  
Foundation for Ireland**

## Main findings

### **Income growth has been progressive both before housing costs (BHC) and after housing costs (AHC) in recent years**

- BHC & AHC income inequality measures both at new record low
- These perhaps surprising results are largely driven by patterns of housing tenure and declines in mortgage interest rates

### **While rates of both BHC & AHC at-risk of poverty (AROP) have also fallen, persistently high for some groups**

- E.g. lone-parents, supported renters & those in “jobless” HHs
- But large % experiencing material deprivation above AROP line
- Analysis of in-work poverty suggests that lifting the min. wage has limited impacts on poverty overall



 **The Community  
Foundation for Ireland**

October 2022

# POVERTY, INCOME INEQUALITY AND LIVING STANDARDS IN IRELAND: SECOND ANNUAL REPORT

Barra Roantree, Michelle Barrett, Paul Redmond

# Income growth and inequality

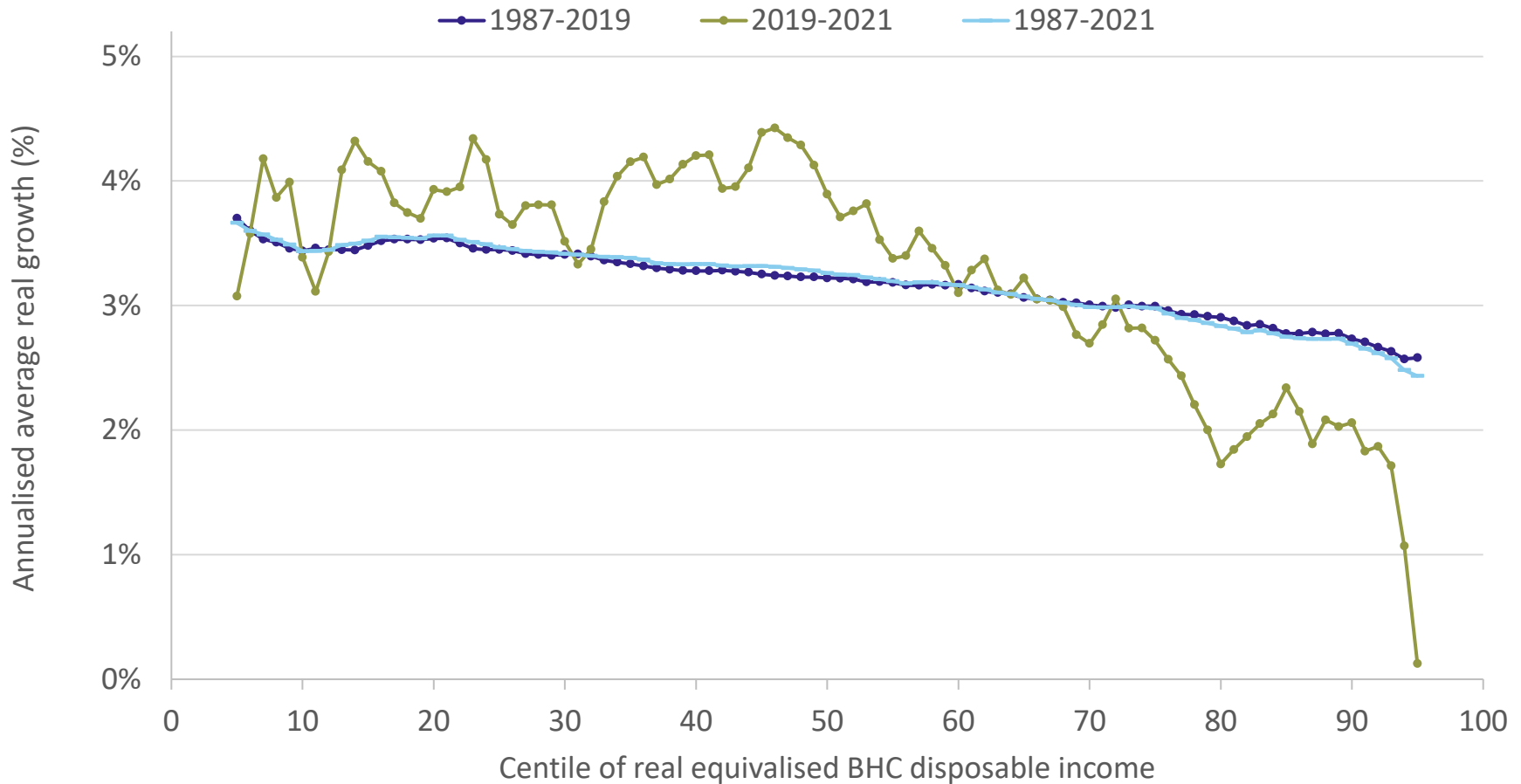


 **The Community  
Foundation for Ireland**



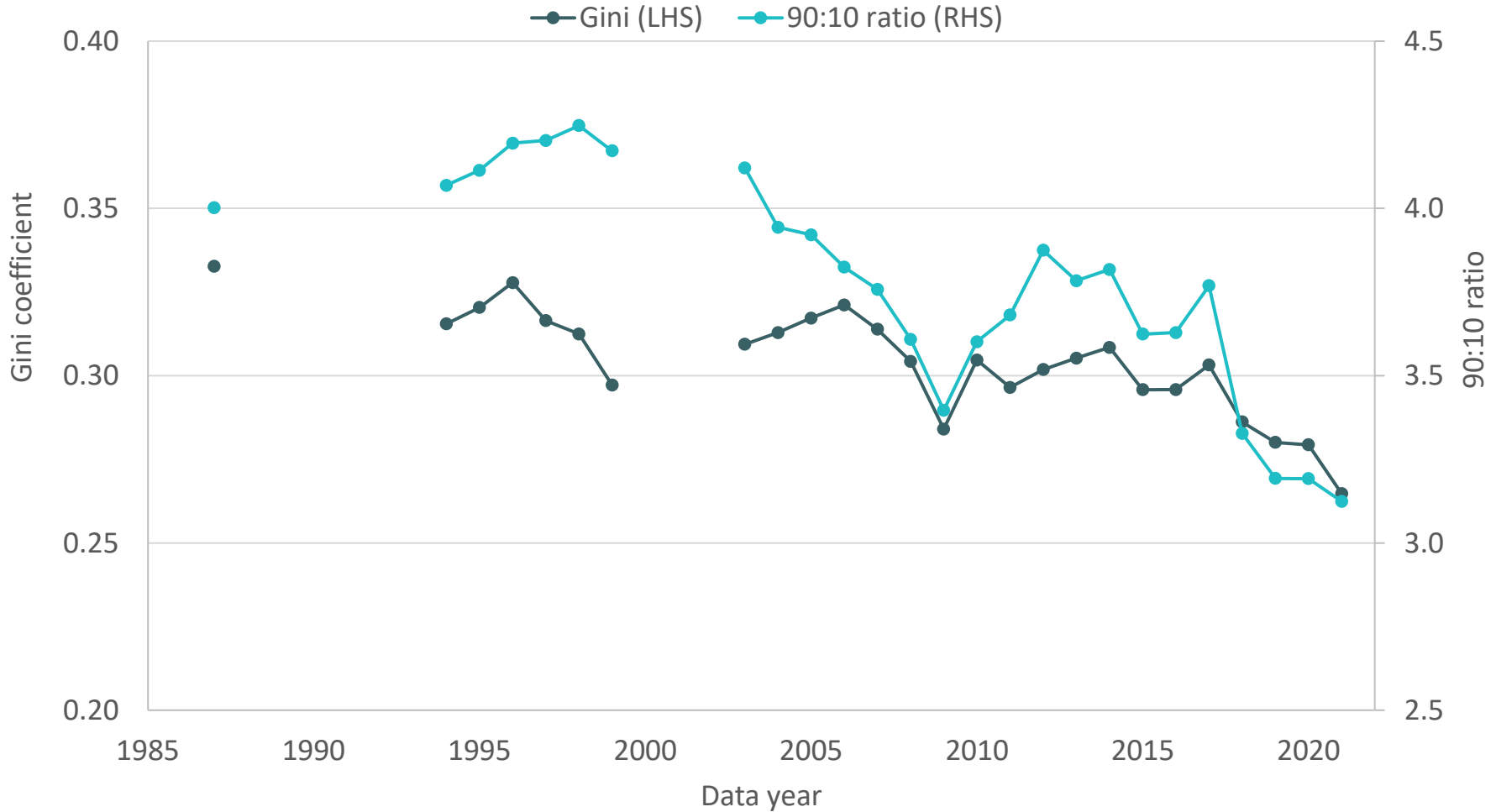
 **The Community  
Foundation for Ireland**

# Progressive BHC income growth continued since 2019



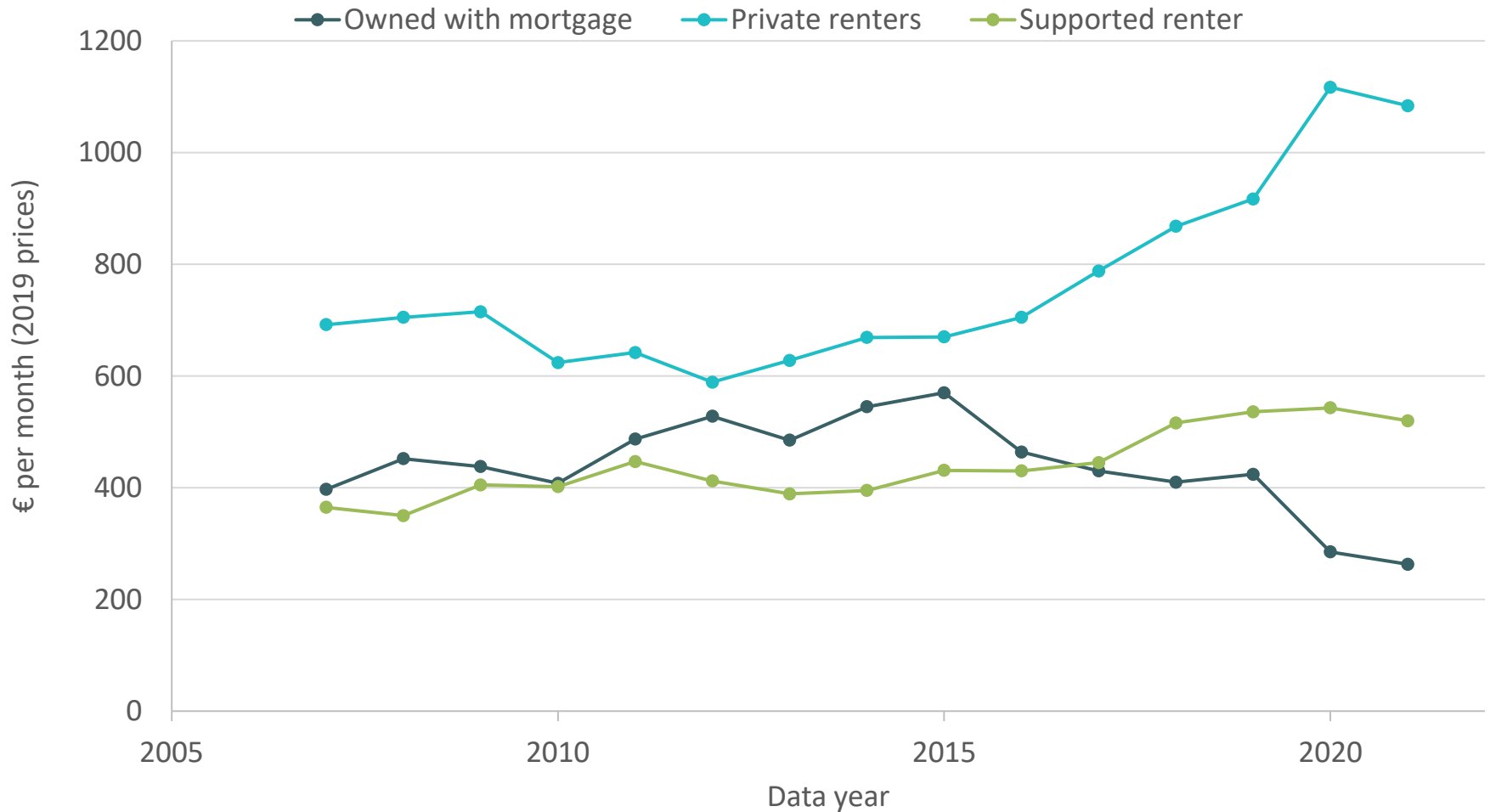
Note: Authors' calculations using the ESRI Survey of Income Distribution, Poverty & Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files. Incomes after direct taxes paid and benefits received.

# ... leaving BHC income inequality at new recorded low



Note: Authors' calculations using the ESRI Survey of Income Distribution, Poverty & Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files. Incomes after direct taxes paid and benefits received.

# Despite big increases in housing costs for private renters



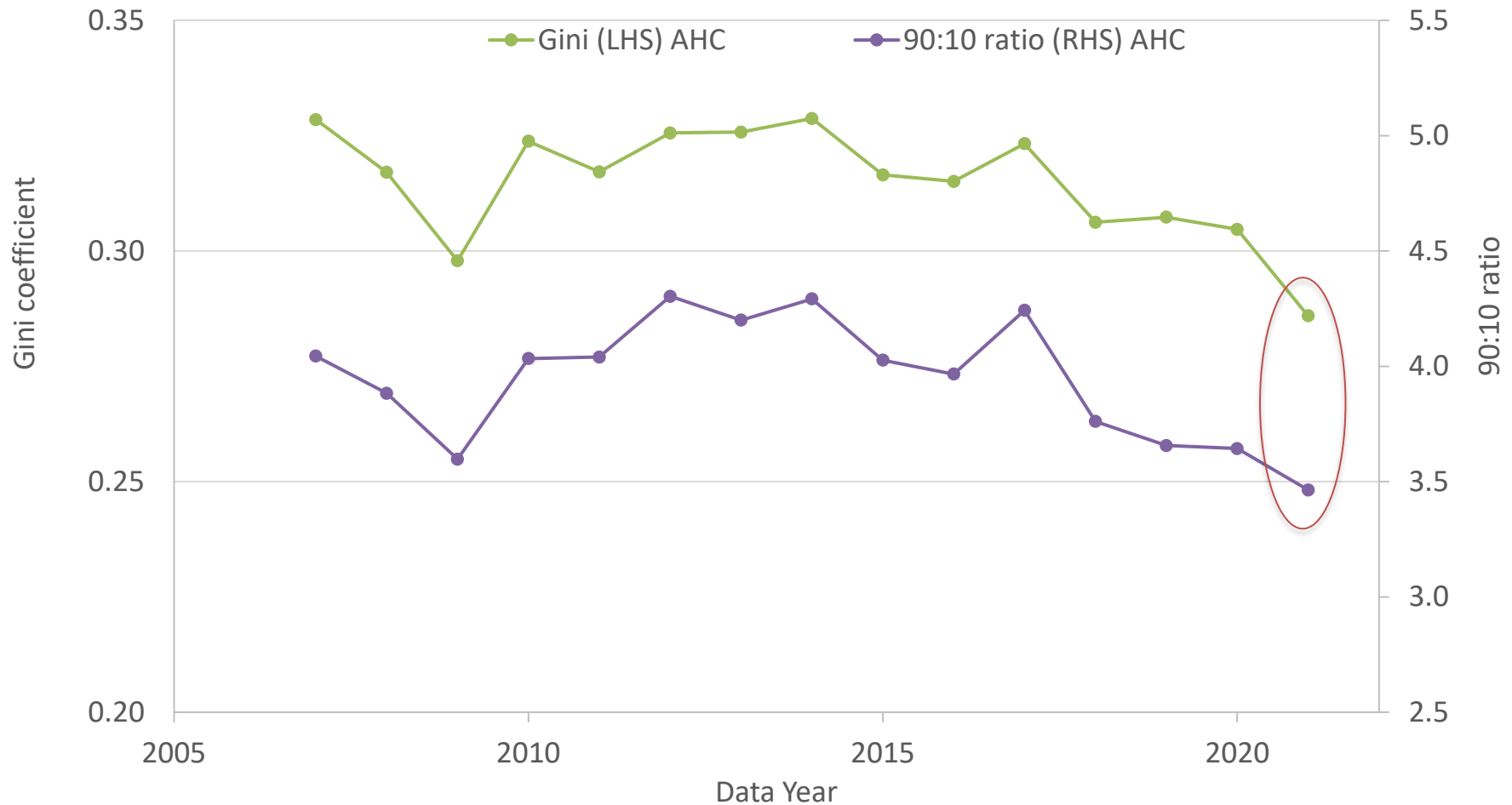
Note: Authors' calculations using the ESRI Survey of Income Distribution, Poverty & Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files. Incomes after direct taxes paid and benefits received.

# ... which have led to declines in housing affordability



Note: Authors' calculations using the ESRI Survey of Income Distribution, Poverty & Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files. Incomes after direct taxes paid and benefits received.

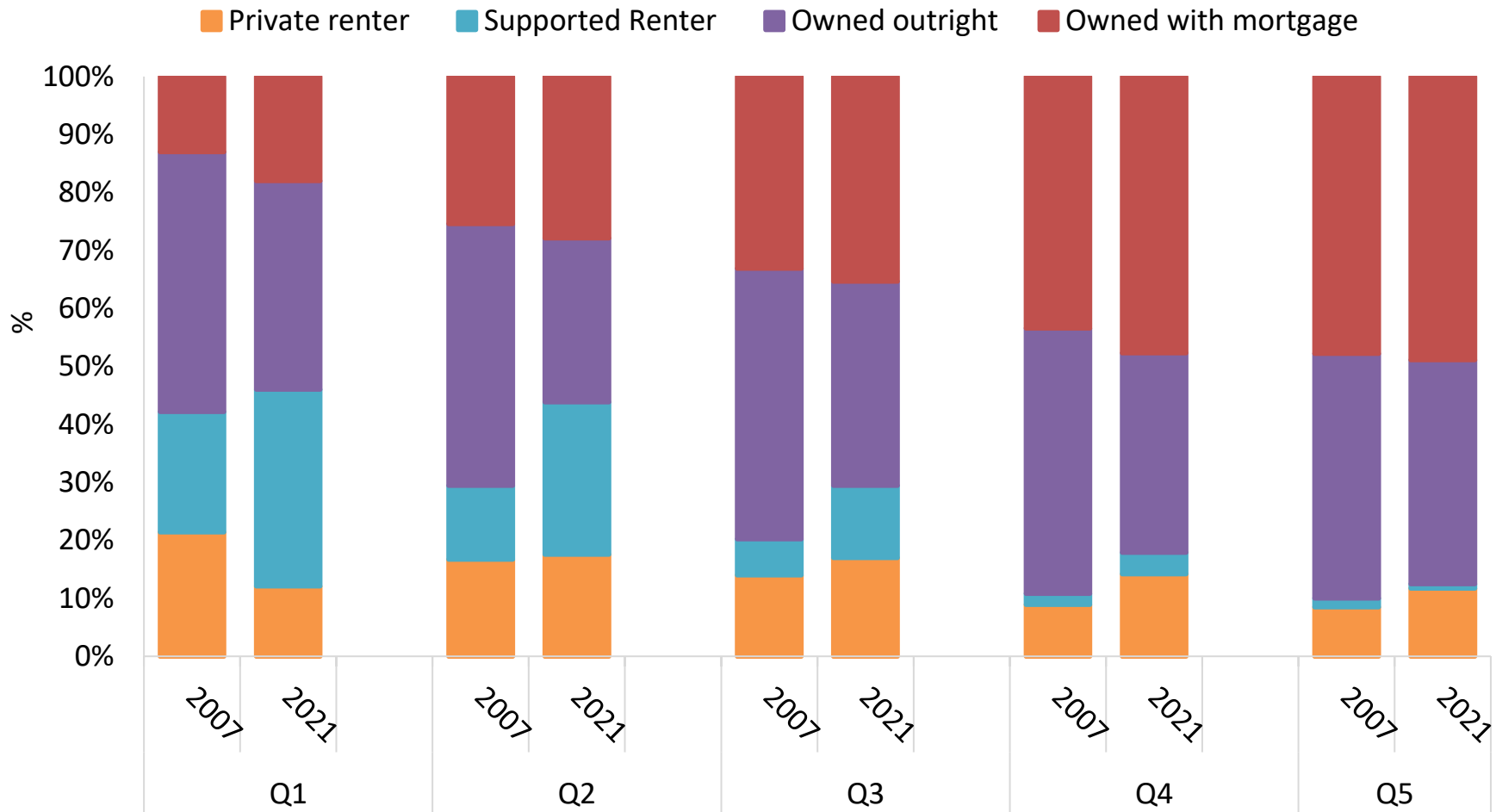
# ... AHC income inequality is also at a new recorded low



Note: Authors' calculations using the ESRI Survey of Income Distribution, Poverty & Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files. Incomes after direct taxes paid and benefits received.



# ...in part as fewer low-income households renting privately



Note: Authors' calculations using the ESRI Survey of Income Distribution, Poverty & Usage of State Services, the Living in Ireland Survey and the Survey of Income and Living Conditions Research Microdata Files. Incomes after direct taxes paid and benefits received.

## Conclusions: income growth & inequality

### **Income growth has been strong and progressive, leaving both BHC & AHC income inequality at new recorded lows**

- This perhaps surprising result is largely driven by patterns of housing tenure and declines in mortgage interest rates

### **Addressing housing affordability challenges for renters will require much greater supply for sustained time period**

- Until that is achieved & despite large costs involved, supports like Housing Assistance Payment will continue to play a key role
- More regular review of income & rent limits governing these schemes will be needed if exposure of more to unaffordable housing costs is to be avoided



 **The Community  
Foundation for Ireland**

October 2022

# POVERTY, INCOME INEQUALITY AND LIVING STANDARDS IN IRELAND: SECOND ANNUAL REPORT

Barra Roantree, Michelle Barrett, Paul Redmond

# Poverty and deprivation

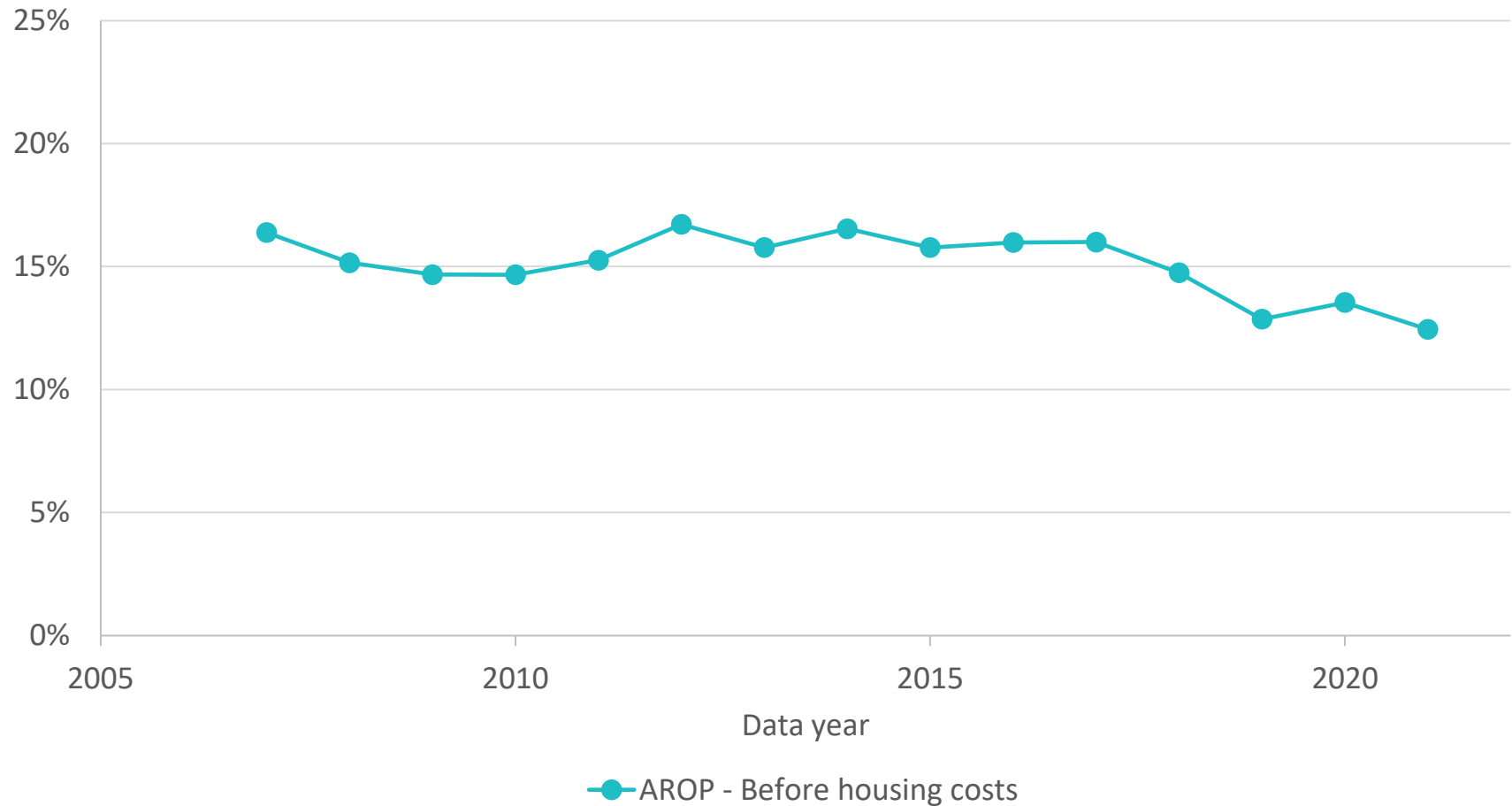


 **The Community  
Foundation for Ireland**



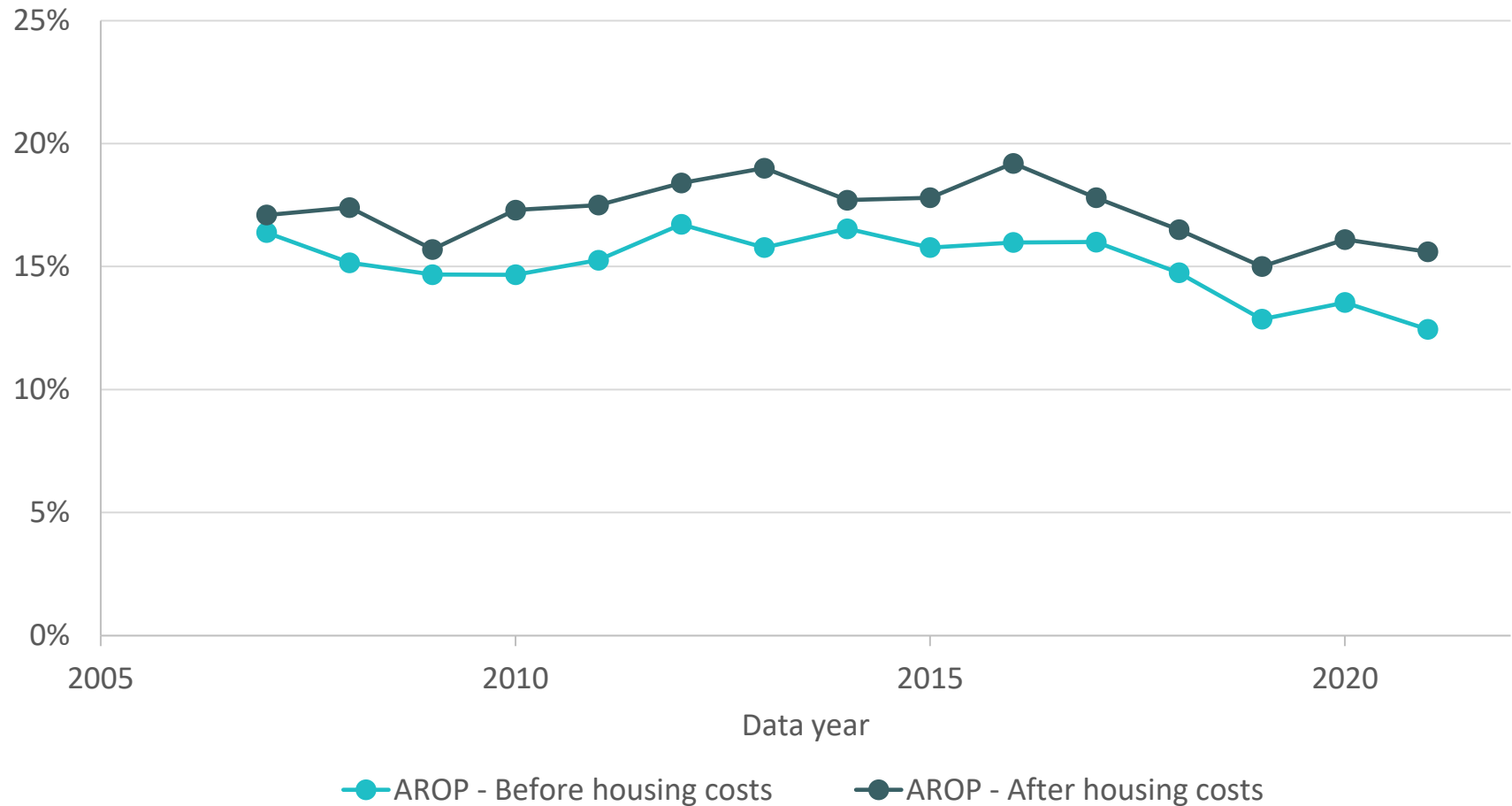
 **The Community  
Foundation for Ireland**

# Rates of poverty both BHC & AHC have declined



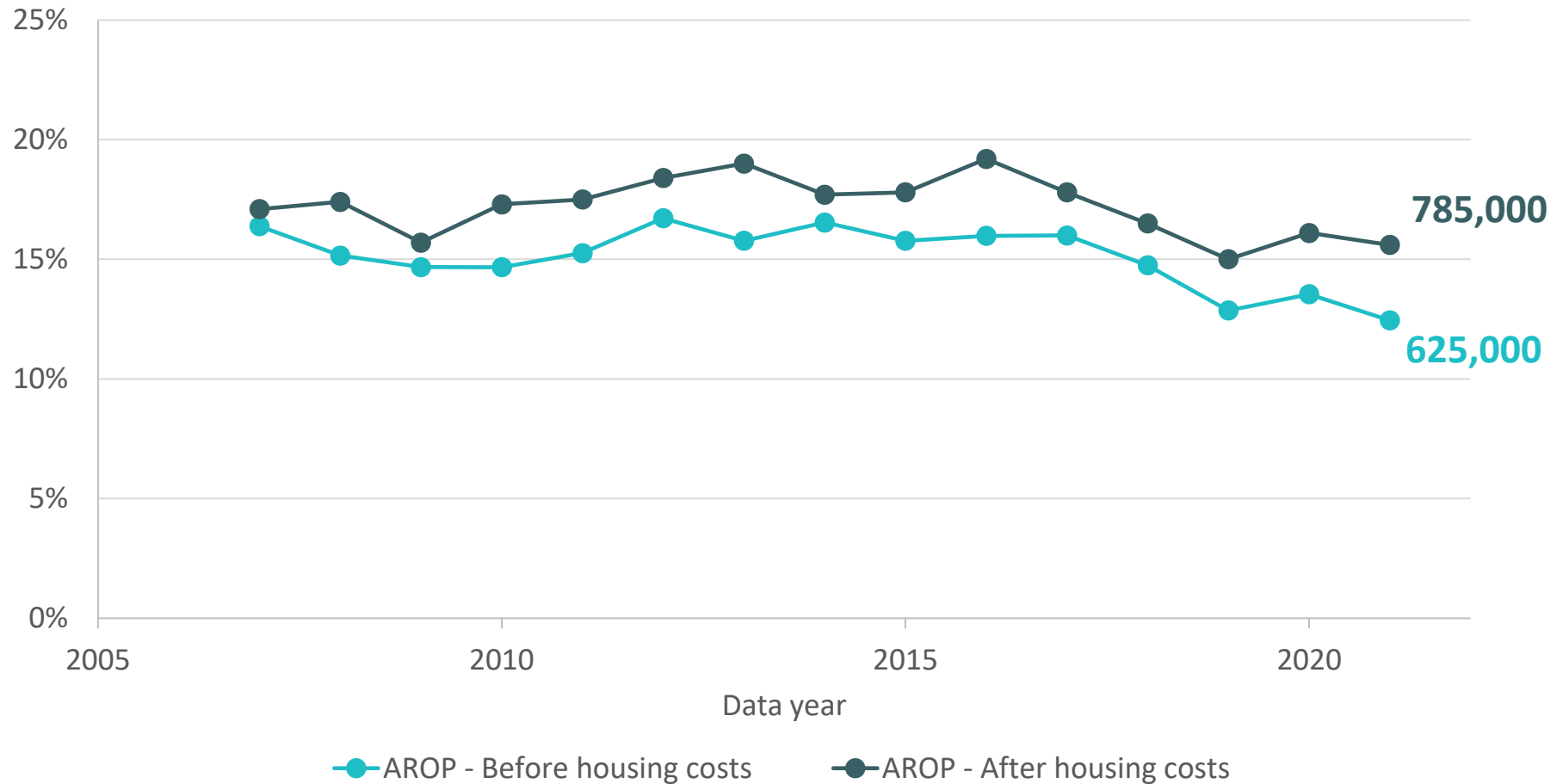
Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.

# Rates of poverty both BHC & AHC have declined



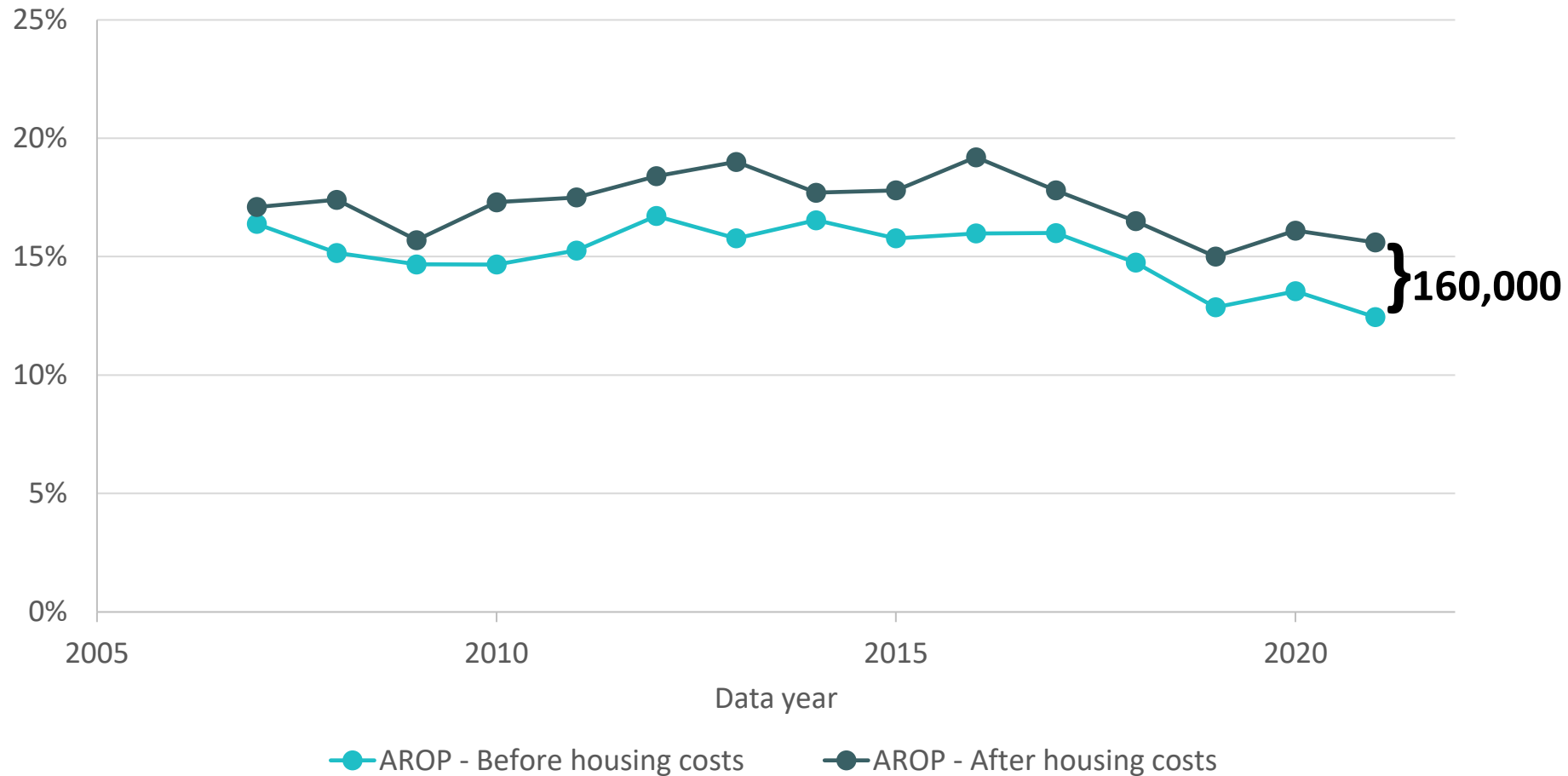
Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.

# Rates of poverty both BHC & AHC have declined



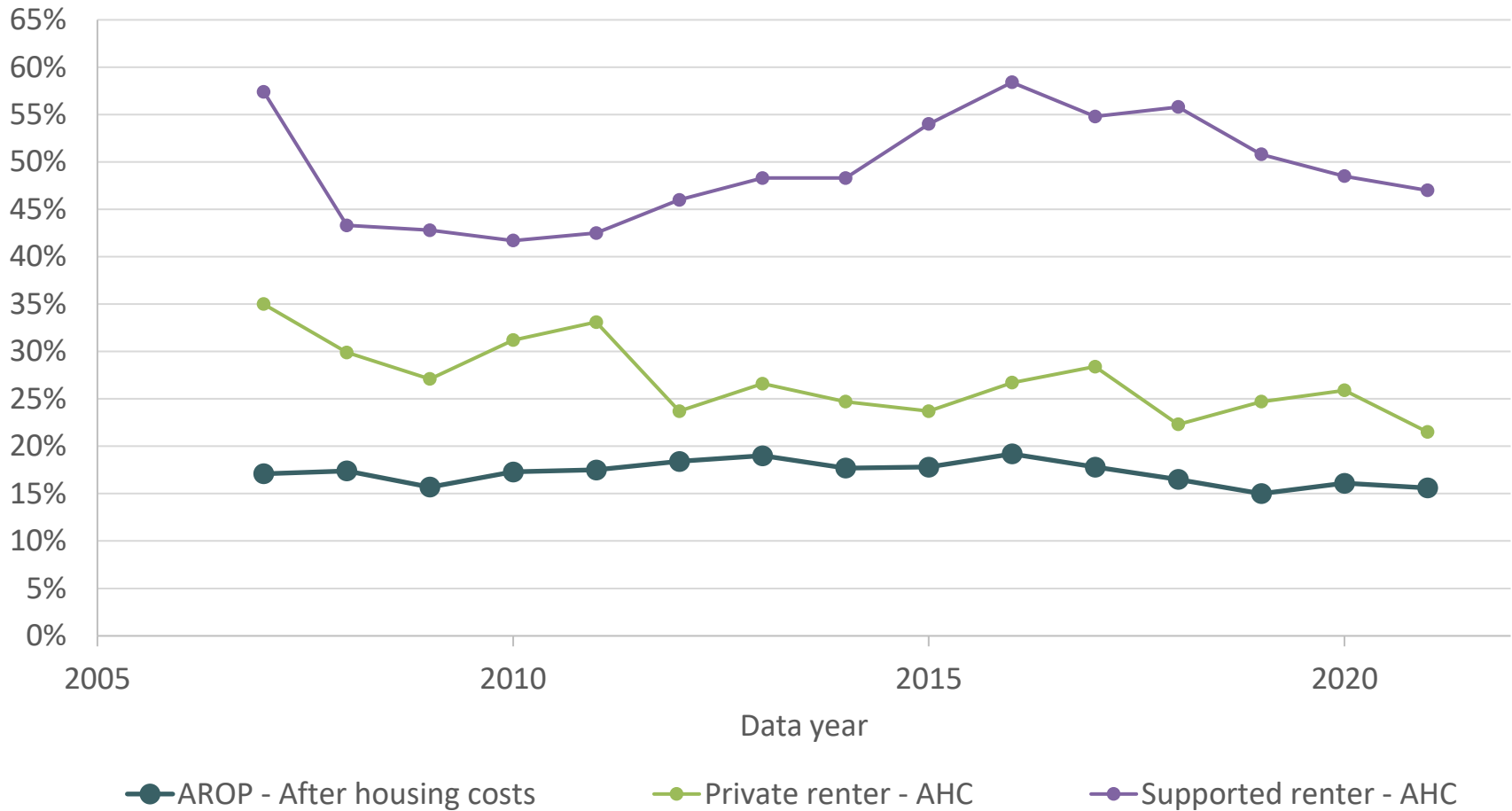
Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.

# Rates of poverty both BHC & AHC have declined



Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.

# However, remains the case that some face higher rates

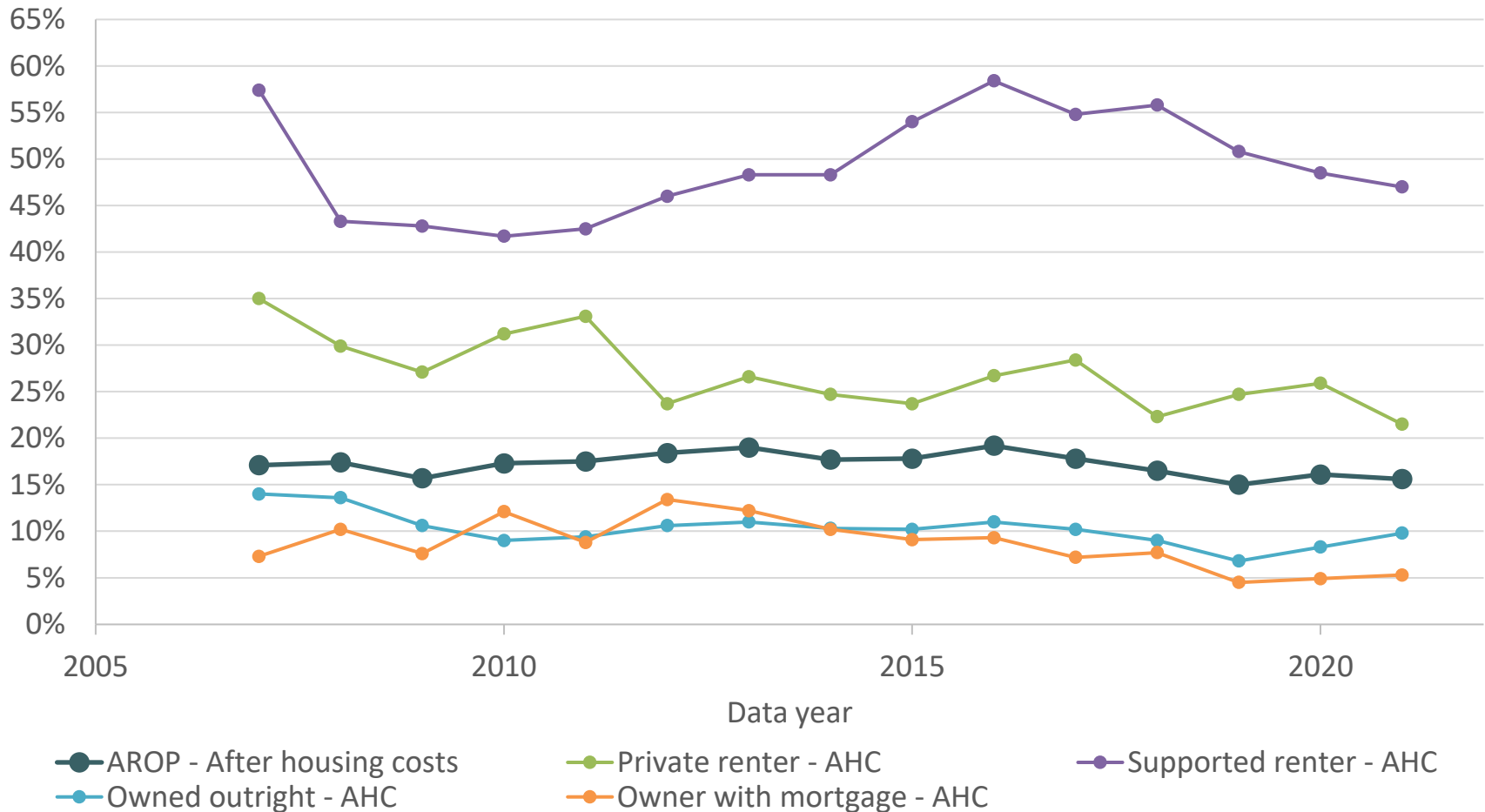


Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.





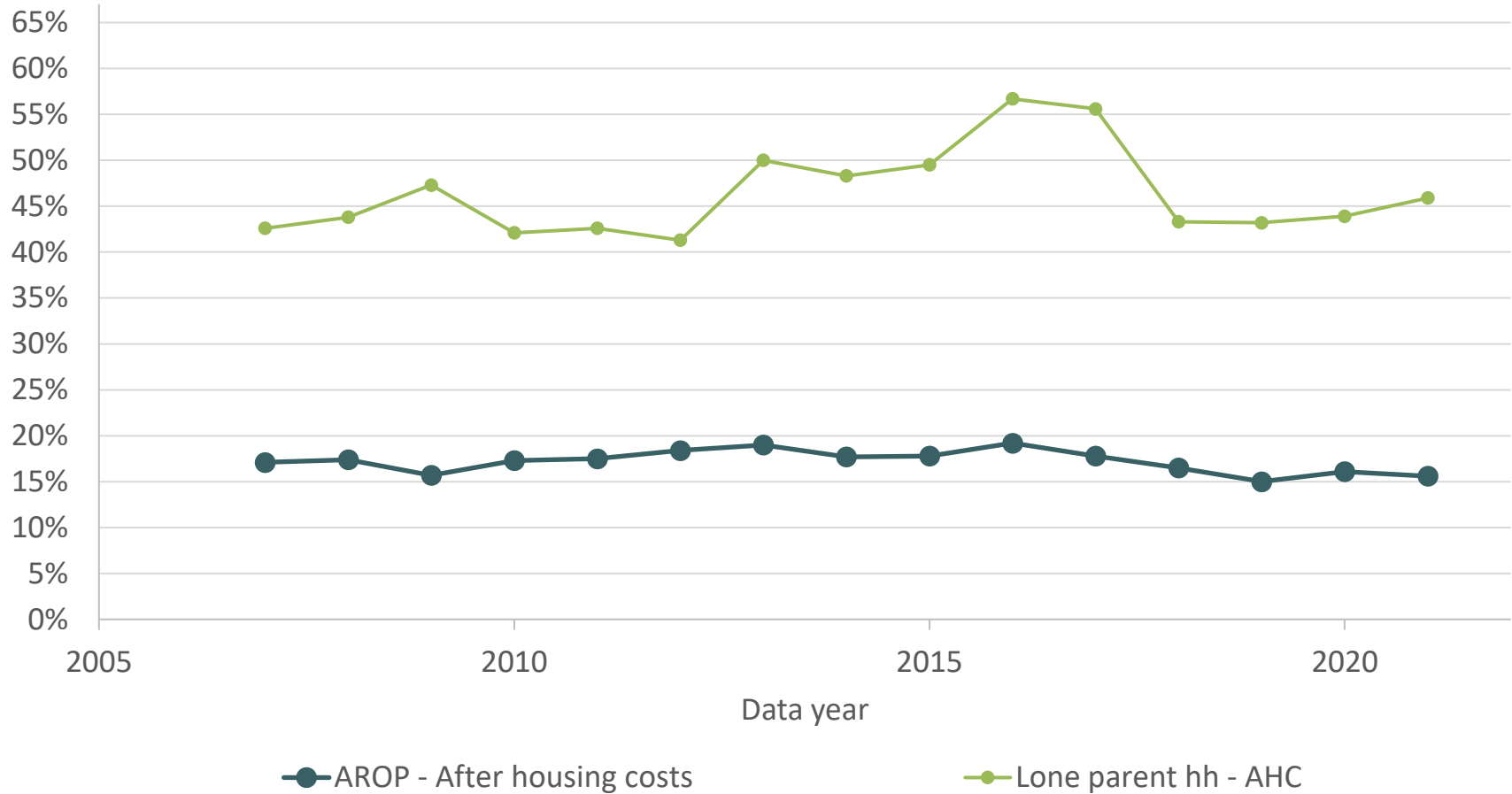
# However, remains the case that some face higher rates



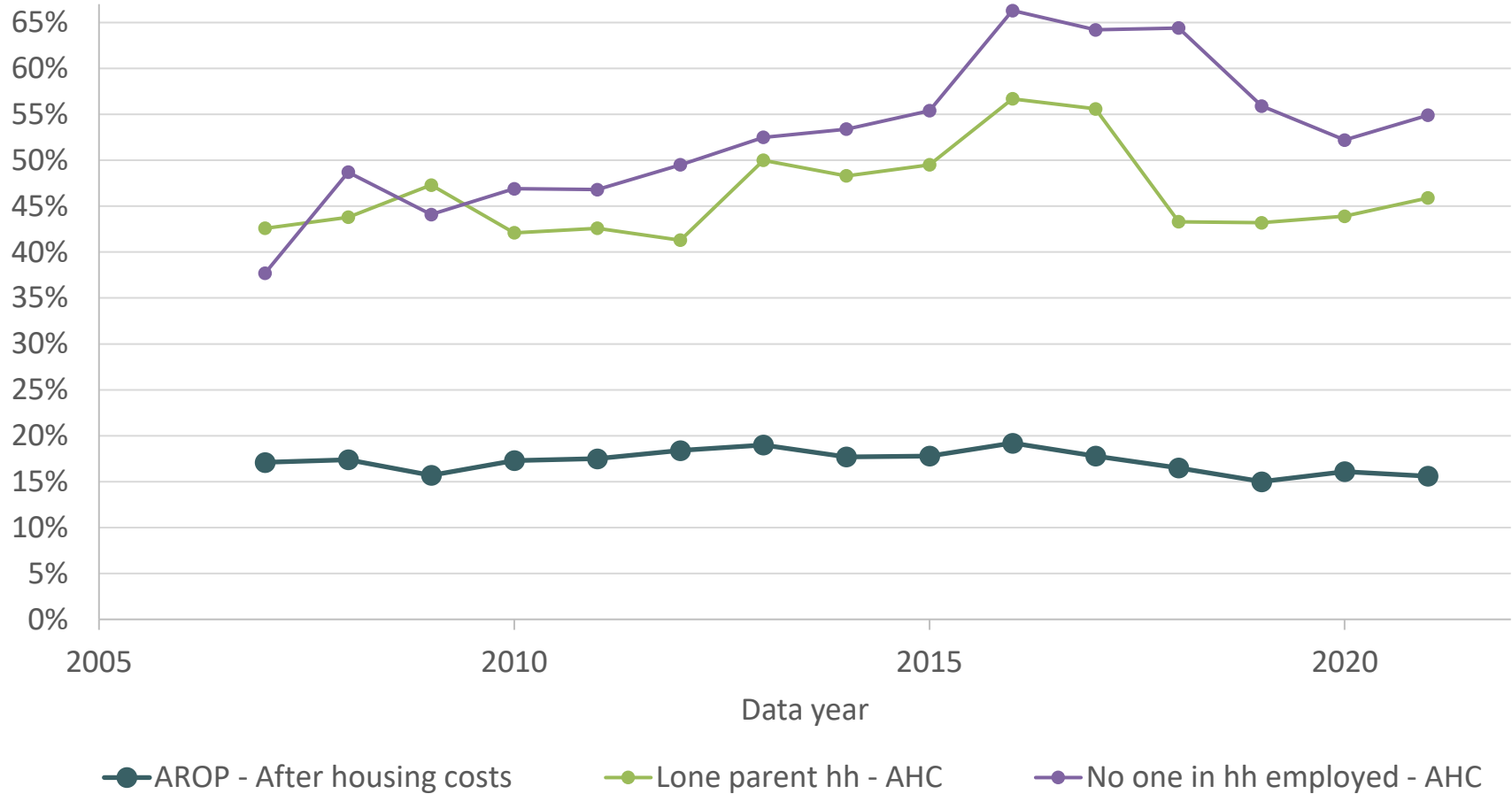
Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.



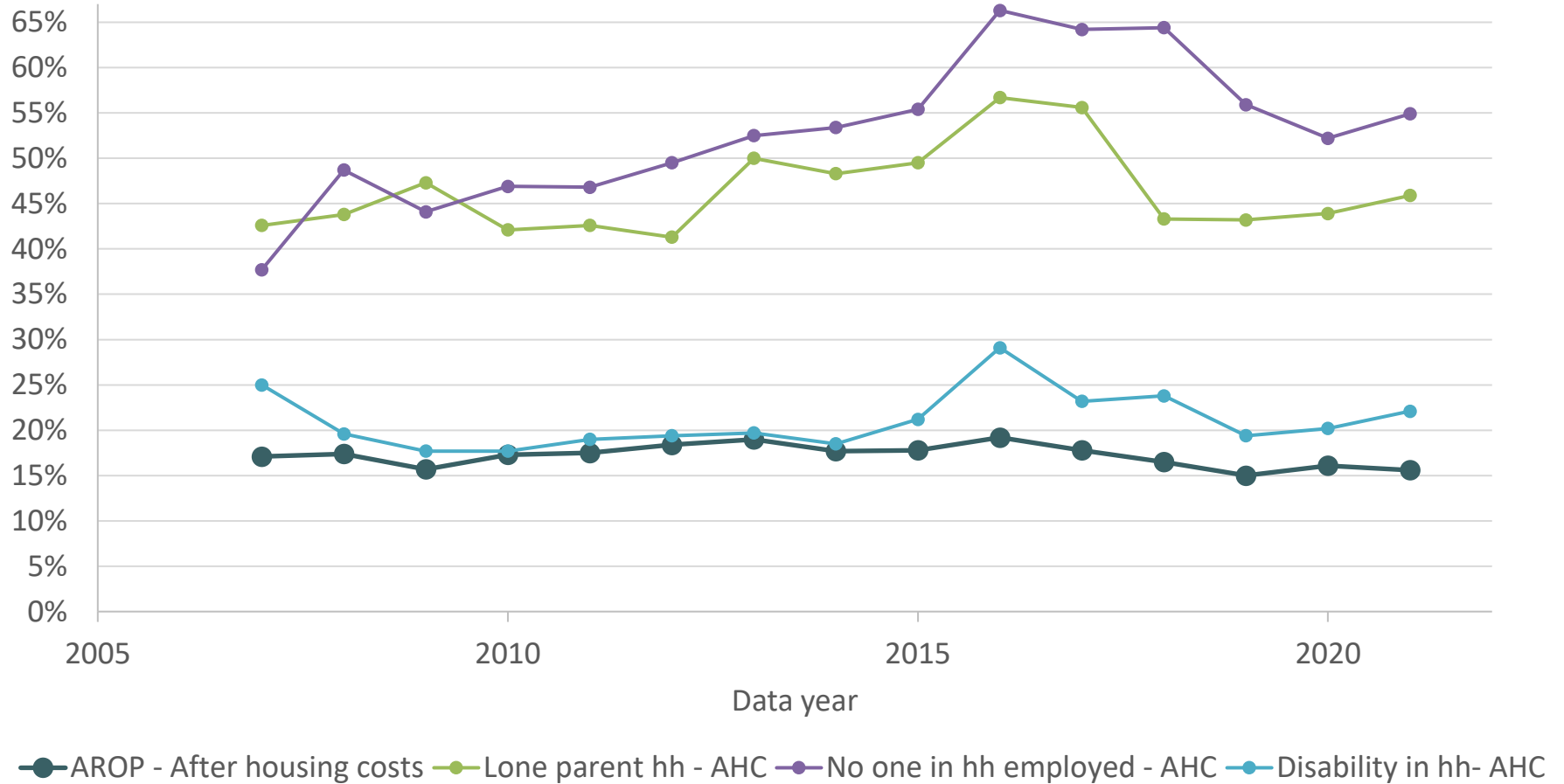
# However, remains the case that some face higher rates



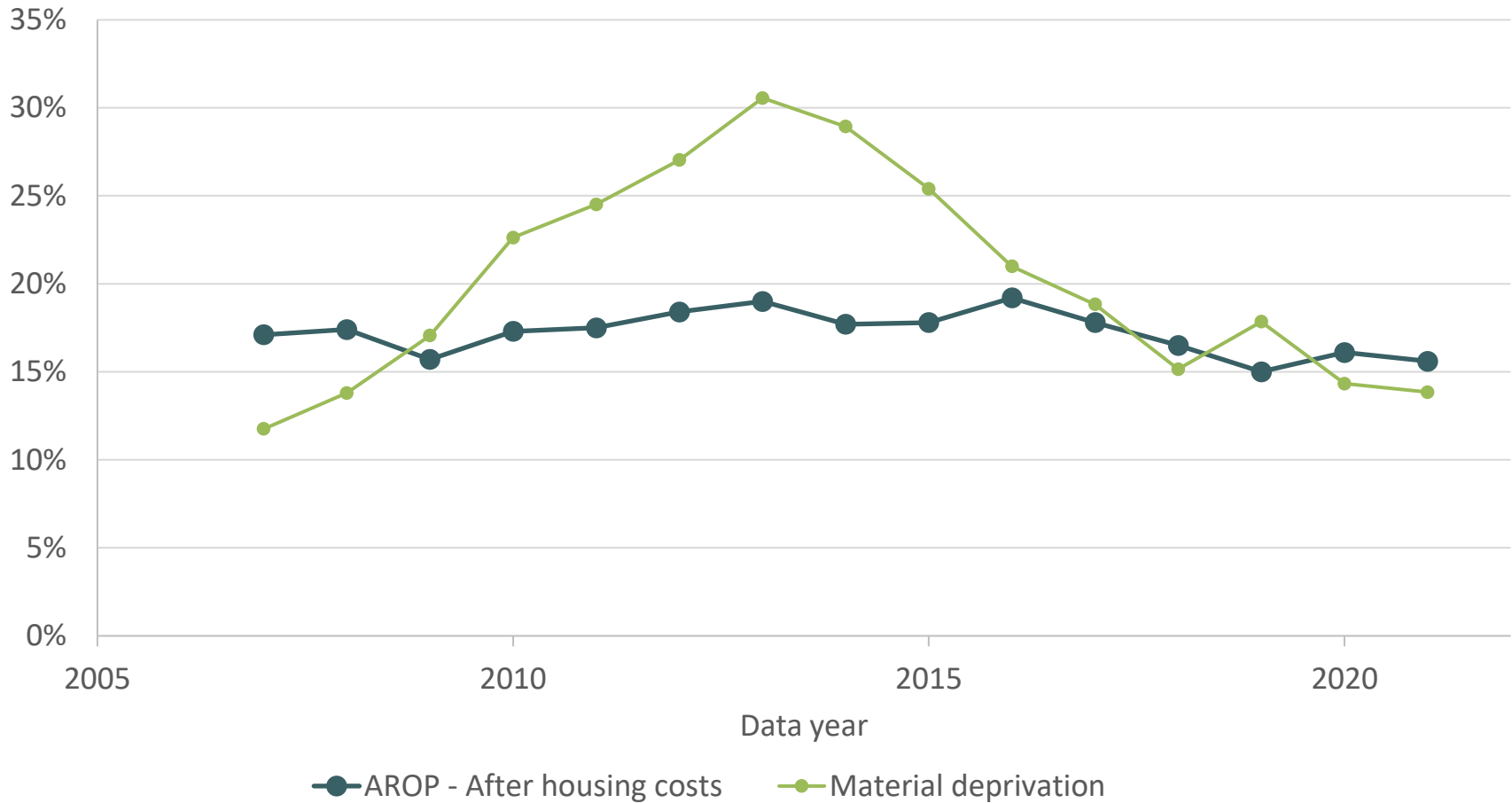
# However, remains the case that some face higher rates



# However, remains the case that some face higher rates



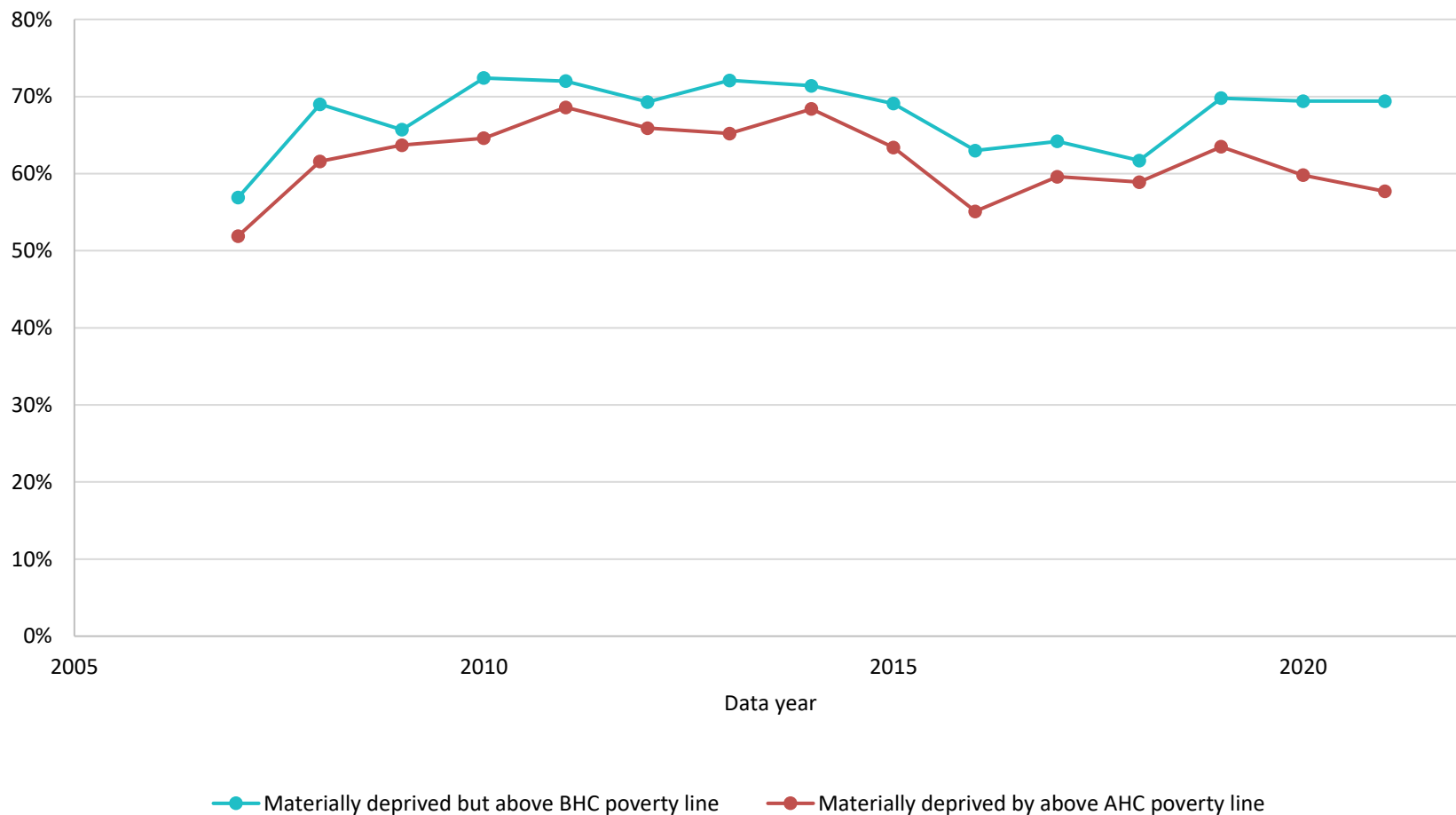
# Material deprivation has also declined in recent years



Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.



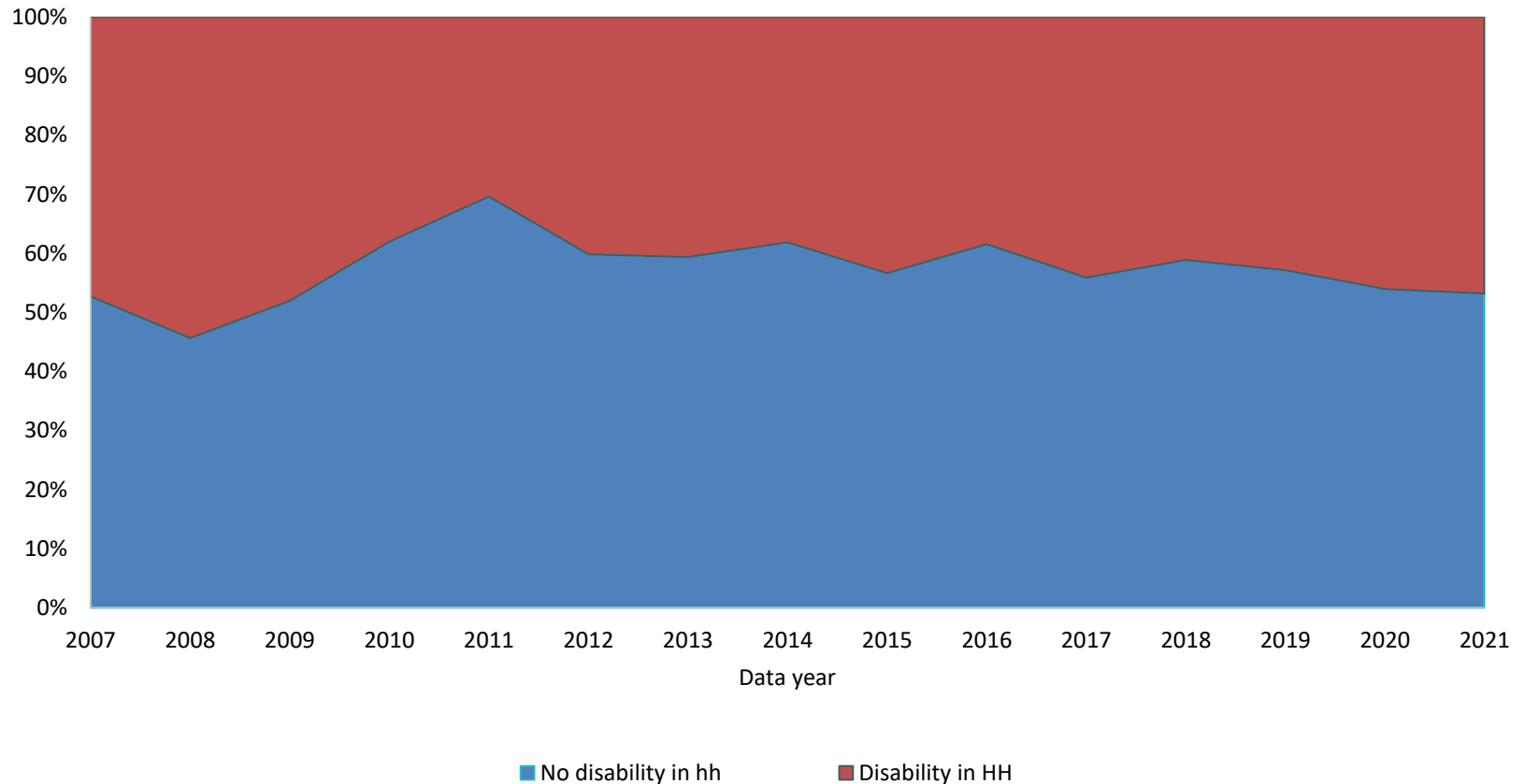
# Significant amount of materially deprived not AROP



Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.



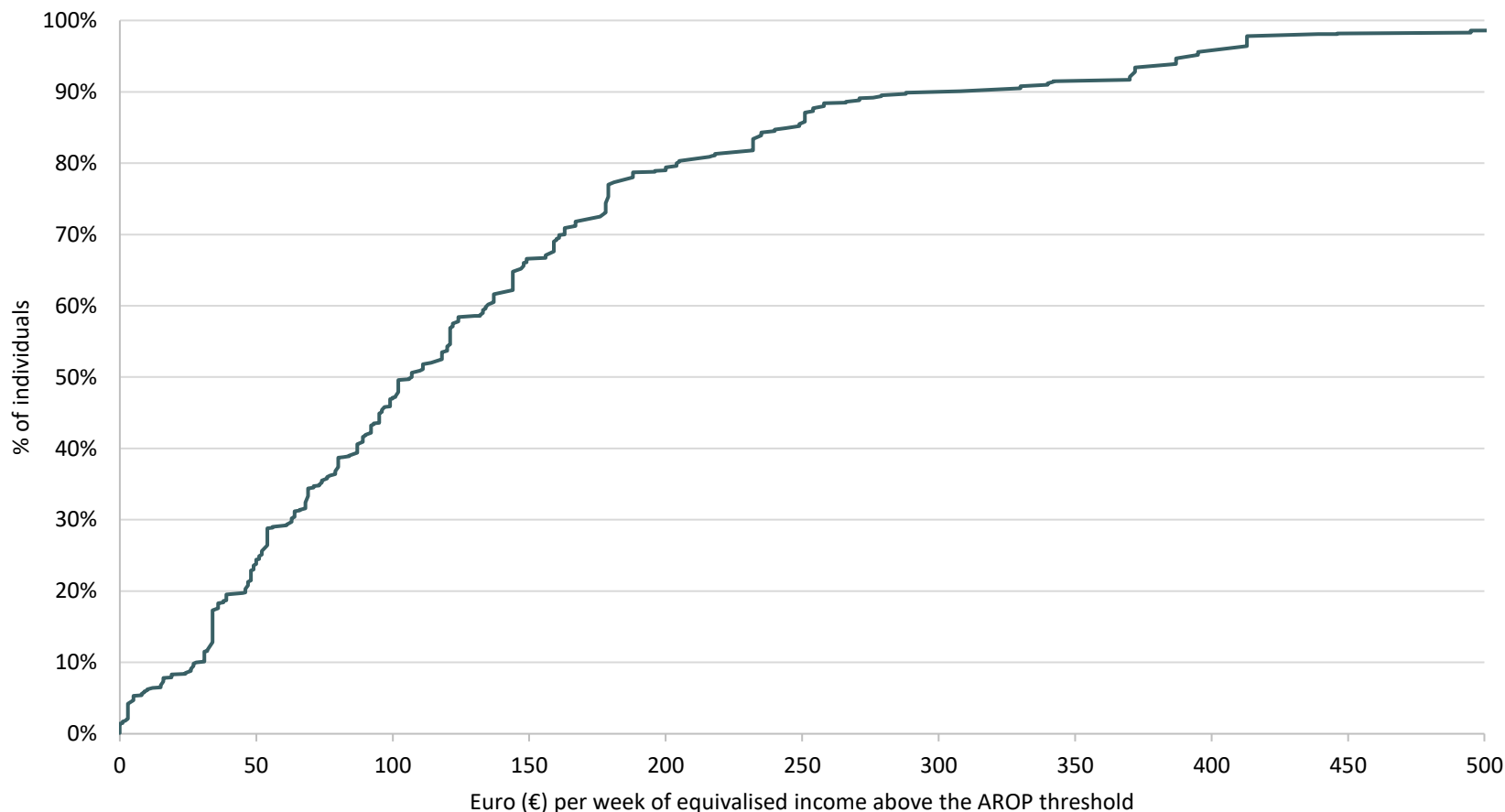
# ... with almost half living in a household with a disability



Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.



# And most of these are within €200 of the poverty line

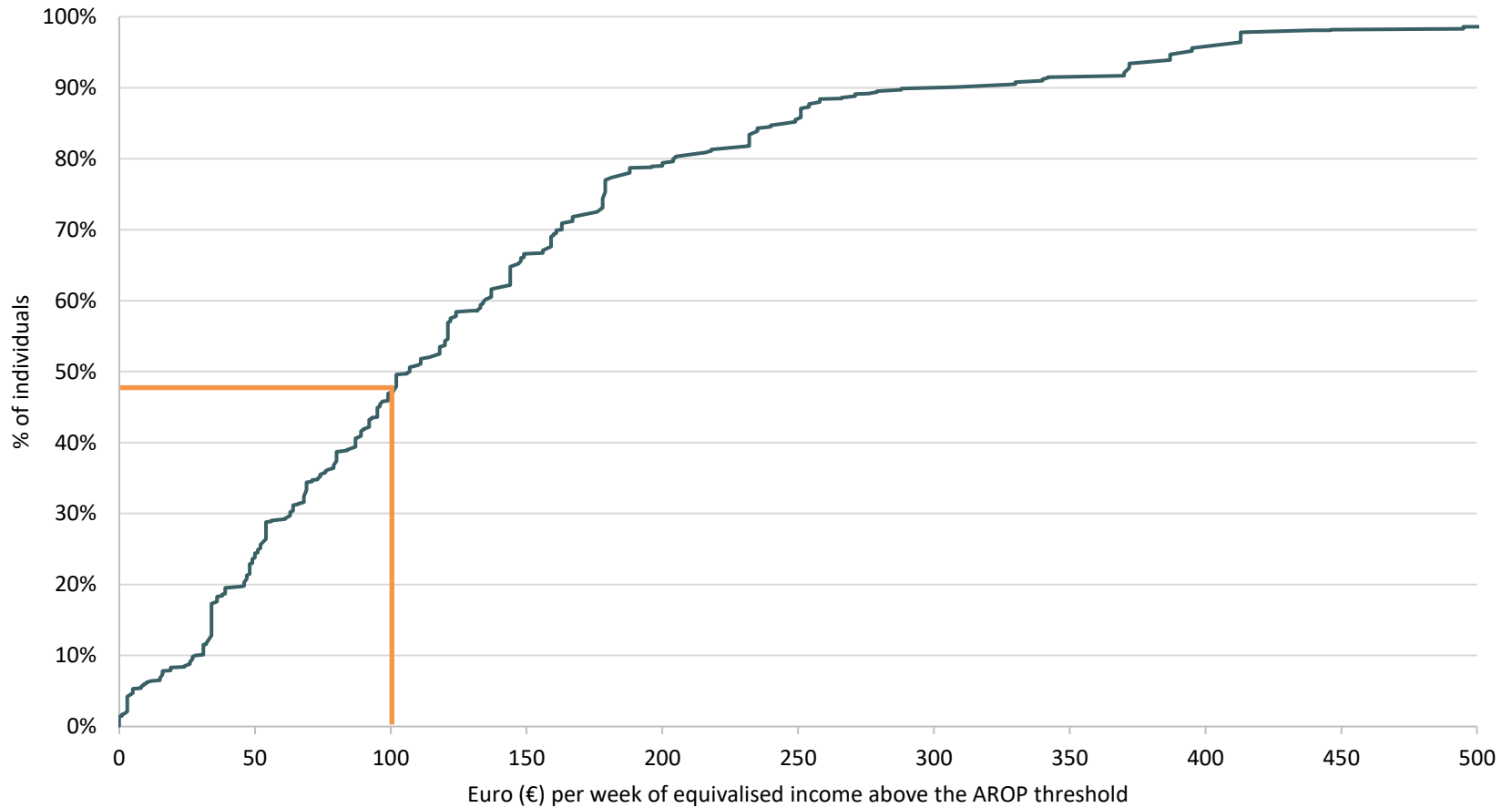


Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.



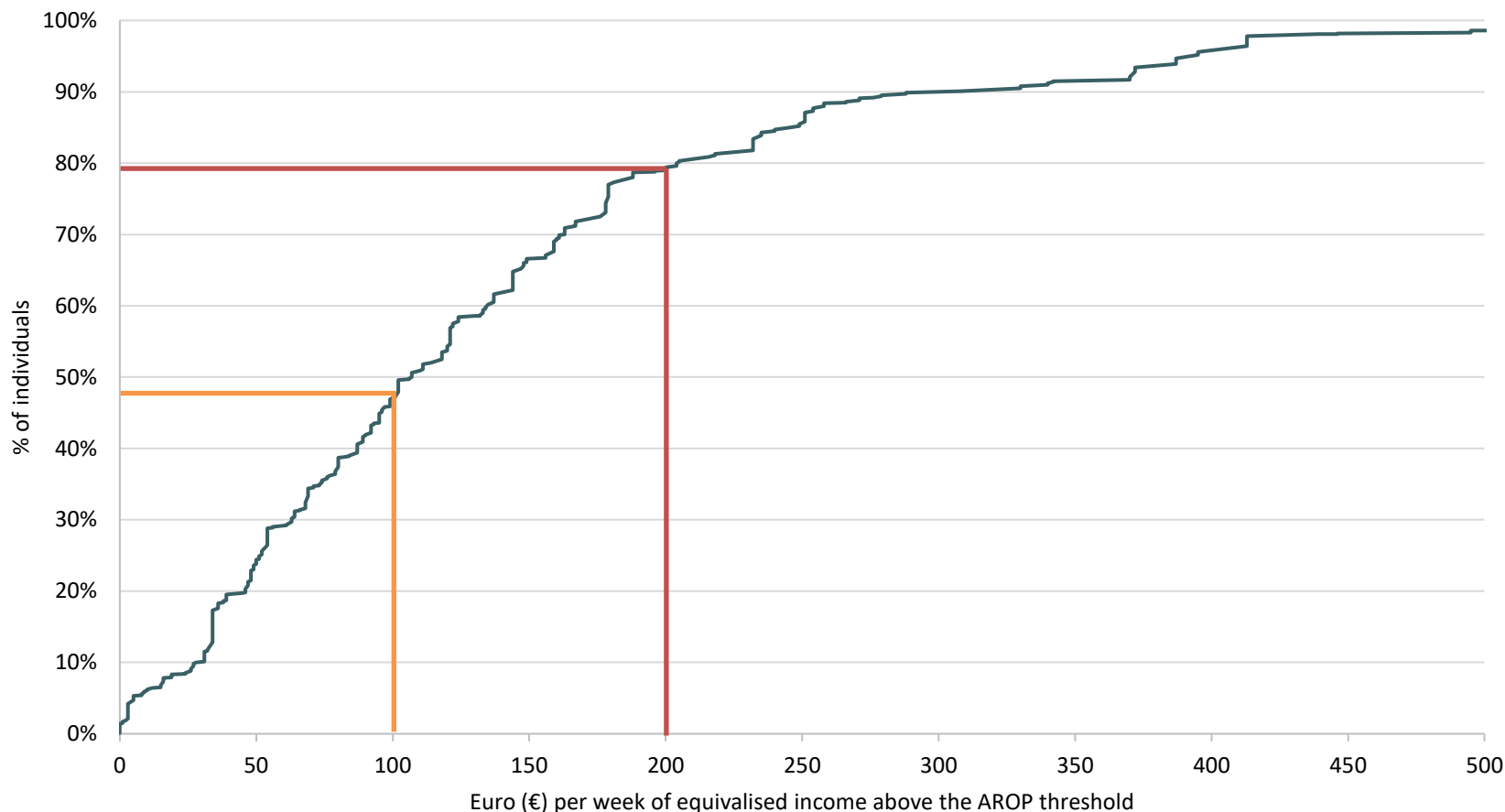


# And most of these are within €200 of the poverty line



Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.

# And most of these are within €200 of the poverty line



Note: Authors' calculations using the Survey of Income and Living Conditions Research Microdata Files.

## Conclusions

- There is a sizeable group of individuals who report being materially deprived but who are not classified as being at risk of poverty (AROP).
- While AHC measures of income poverty are higher than BHC measures, there has been a substantial decline in both measures of low-living standards over the past two decades.
- Incidence of these low-living standards is particularly noticeable among certain sub-groups of the population.



 **The Community  
Foundation for Ireland**

October 2022

# POVERTY, INCOME INEQUALITY AND LIVING STANDARDS IN IRELAND: SECOND ANNUAL REPORT

Barra Roantree, Michelle Barrett, Paul Redmond

# In-work poverty



 **The Community  
Foundation for Ireland**



 **The Community  
Foundation for Ireland**

# In-Work Poverty

Joblessness is a major driver of poverty

However, the working poor represent a substantial group in Europe

According to 2019 Eurostat data

- 9% of workers aged 18 to 64 were at risk of poverty
- Considerable cross-country variation
- At 4.4%, Ireland had the third lowest rate in the EU (behind Finland and Czechia)

# In-Work Poverty

In-work poverty is linked to

- Lower levels of life satisfaction and well-being
- Problems finding accommodation
- Feelings of social exclusion (Eurofound, 2017)

As such, it is an area of concern for policymakers

The European Pillar of Social Rights explicitly recognizes the need to reduce in-work poverty in Europe

## What we do

We examine the incidence and characteristics of the working poor in Ireland using 2019 data

We use an in-work AROP measure that captures all individuals within the working household

- Take the total number of individuals in working households
- Calculate the percentage of these individuals that are AROP

# Incidence of in-work poverty in Ireland

We estimate that, in 2019, the overall in-work poverty rate in Ireland was 5.8%

- This amounts to approximately 220,000 individuals

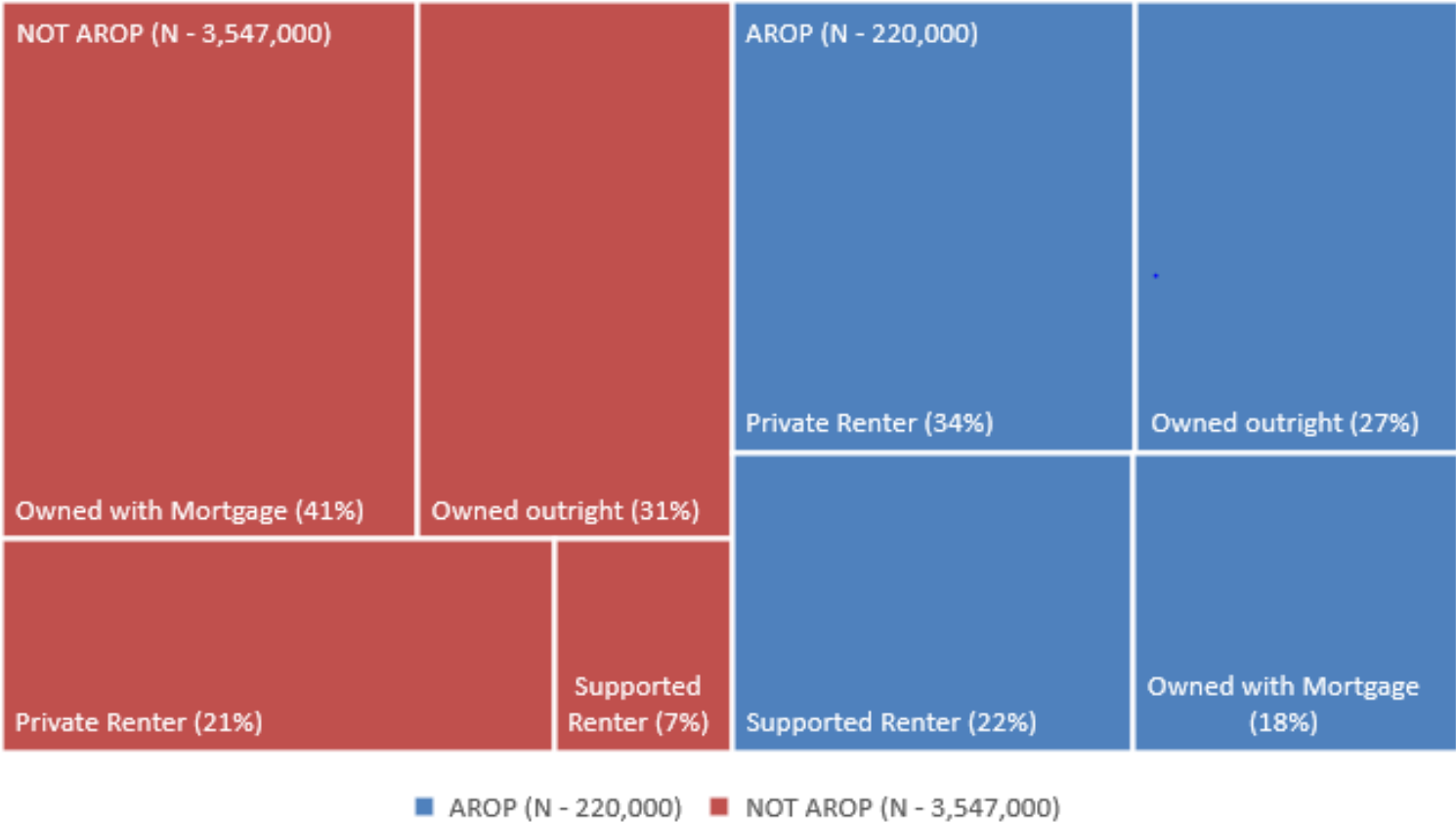
The incidence of in-work poverty is particularly high among certain groups

	2019	N living in working hhs
<b>Overall</b>	5.8%	3,768,000
<b>Supported Renter</b>	16.5%	292,000
<b>Lone Parent</b>	21.5%	248,000
<b>Elementary Occupations</b>	28.0%	163,000



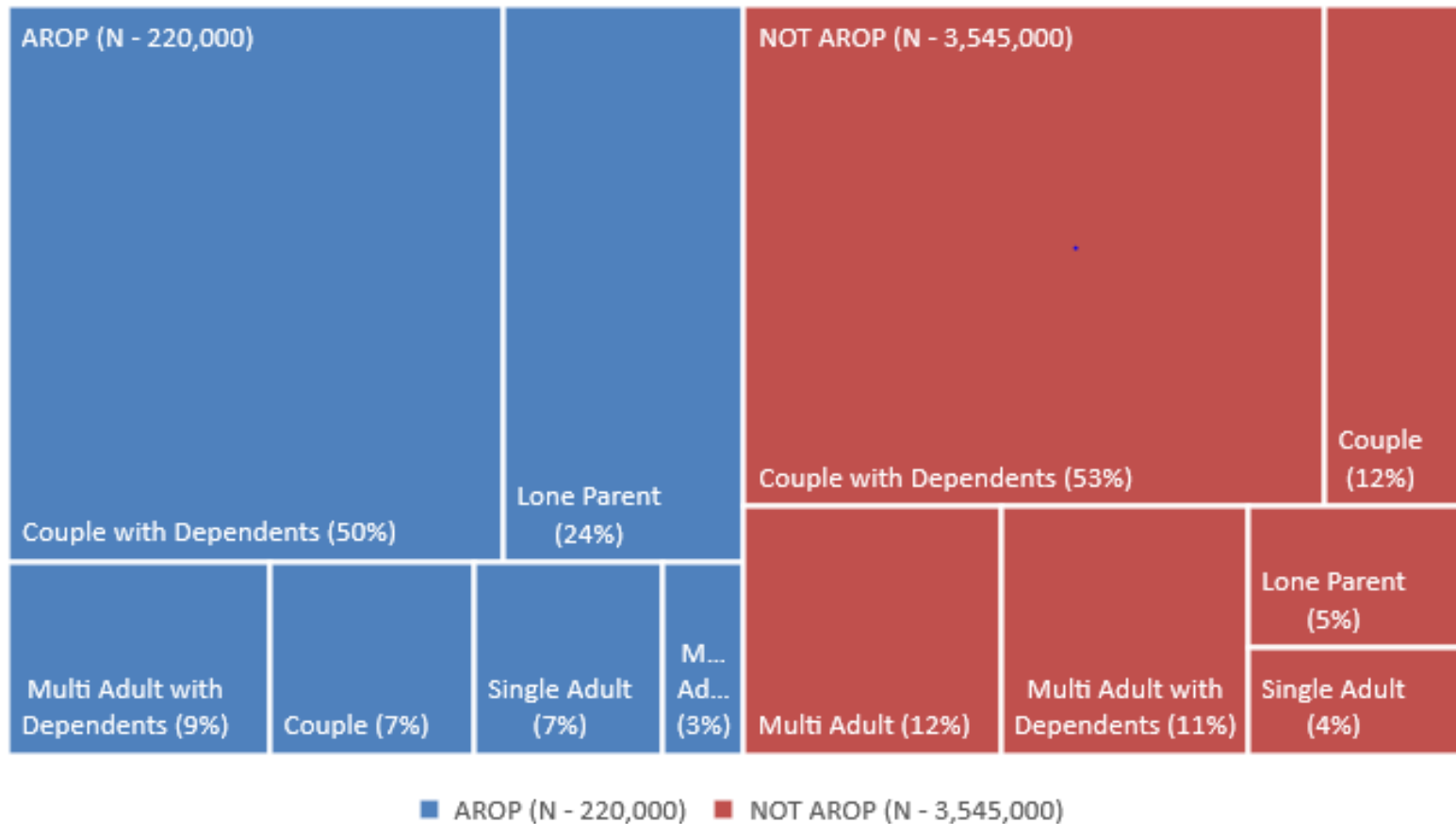
# Composition of working-poor households

**FIGURE 4.1** COMPOSITION OF INDIVIDUALS IN WORKING HOUSEHOLDS, BY TENURE AND AROP STATUS (2019)



# Composition of working-poor households

**FIGURE 4.3 COMPOSITION OF INDIVIDUALS IN WORKING HOUSEHOLDS, BY HOUSHOLD TYPE AND AROP STATUS (2019)**



## Hourly Wage in One-Earner Working Households

We examine the hourly wage of one-earner households

- Indicates the extent to which households are supported by low wage workers

Approximately 25% of people in single-earner AROP households were supported by a minimum wage worker

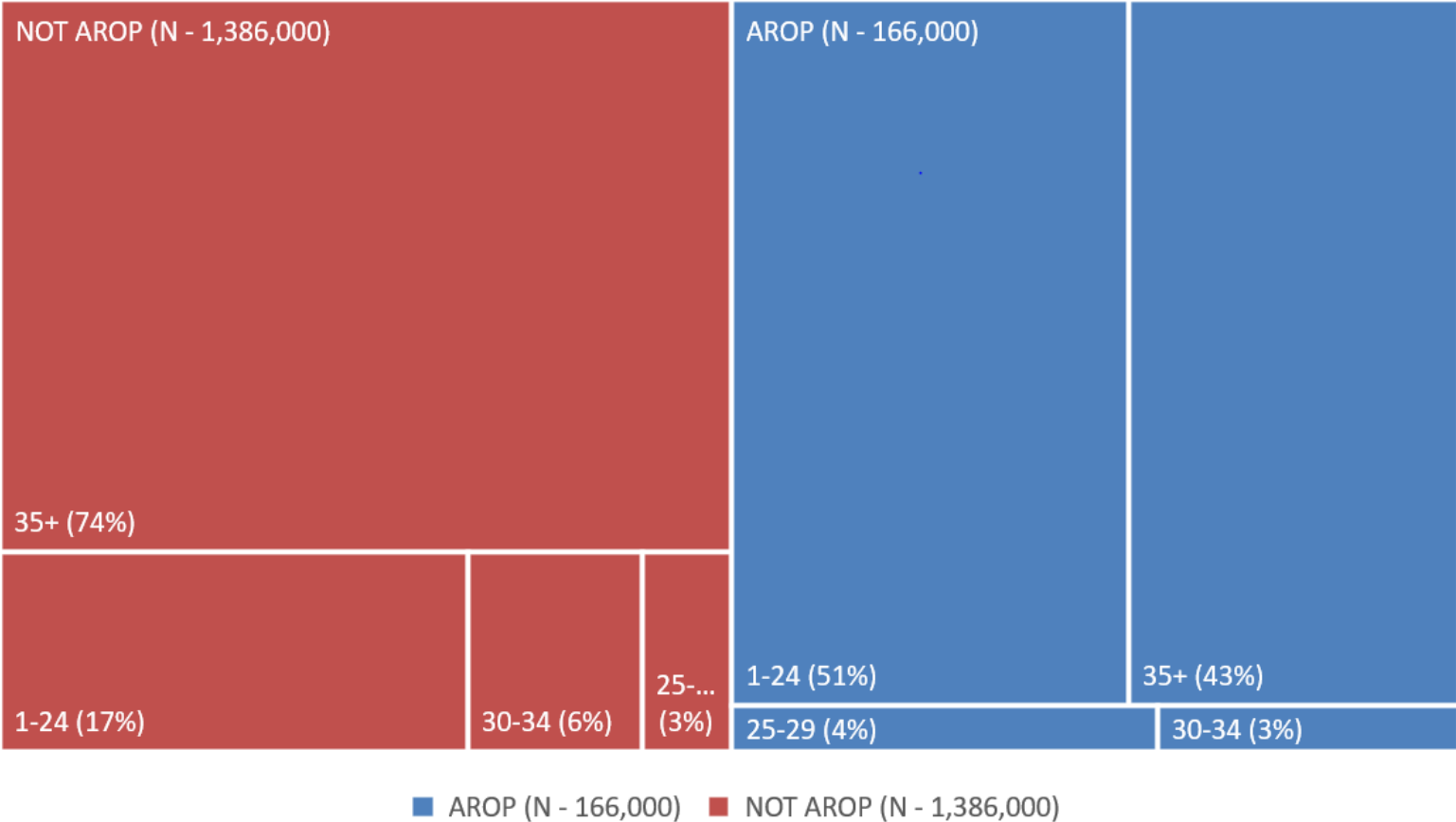
- Compares to just 7% of individuals in single-earner households not AROP

However, minimum wage increases may have limited impact on overall poverty

- Just 6% of all people AROP are in households supported by MW earner

# Composition of working-poor households

**FIGURE 4.5 COMPOSTION OF INDIVIDUALS IN 1-EARNER WORKING HOUSEHOLDS, BY HOURS WORKED AND AROP STATUS (2019)**



# Conclusion

- In-work poverty is linked to lower well-being, social exclusion & difficulty finding accommodation
- In 2019, approx. 220,000 people affected by in-work poverty in Ireland
- Prevalent among groups including supported renters & lone parents
- Working poor disproportionately reliant on minimum wage earners
  - However, increasing the minimum wage will have limited impact on overall poverty, as most people in poverty do not work
  - Just 6% of all people AROP are in households supported by MW earner



 **The Community  
Foundation for Ireland**

October 2022

## **POVERTY, INCOME INEQUALITY AND LIVING STANDARDS IN IRELAND: SECOND ANNUAL REPORT**

Barra Roantree, Michelle Barrett, Paul Redmond

**We look forward  
to hearing your  
comments and  
questions!**



 **The Community  
Foundation for Ireland**



 **The Community  
Foundation for Ireland**