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SOURCES OF DATA ON POVERTY IN IRELAND

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Objectives

The basic objective of this paper is to describe all sources of data, both sample surveys and administrative records, relating to the measurement and assessment of poverty in the Republic of Ireland. It also offers some suggestions as to how these sources might best be exploited and developed in the future.

In considering statistical sources on poverty it is important to bear in mind a number of desirable features which such sources should have:

- 1) reliability: the data should not be subject to large random or other types of fluctuation from one period or region to another
- 2) consistency: the definitions used and the coverage should be the same across time periods, regions, categories of individuals etc.
- 3) comprehensive: since the objective is to measure the level of poverty and changes in it for the Republic of Ireland as a whole, it is important that data cover all or practically all of the population. If certain categories of persons are excluded from a given source there should at least be good information on the numbers and characteristics of the persons excluded.

- 4) frequency: the data should be available on a regular basis.

The above criteria were used to select the most relevant possible sources of data as described below. These sources are reviewed in the light of the desiderata suggested by Krug (1987).

Outline of the Paper

The paper begins with a description of the main nationwide sample surveys which have relevance to poverty measurement. Particular attention is paid to the Household Budget Inquiry and the ESRI Survey of Lifestyles, Poverty and Usage of State Services. The main potential administrative sources (data on taxation, social security, health and rents in local authority housing) are then reviewed. The concluding section of the paper examines how best progress might be made in improving the measurement of poverty in Ireland.

SAMPLE SURVEYS

The Main Surveys

At present, the two major surveys which focus directly on poverty are the Household Budget Inquiry and the ESRI Survey of Lifestyles, Poverty and Usage of State Services. The characteristics of each survey are summarised in Tables 1-3 which are based on Professor Krug's check-list. Full description of the surveys are contained in the relevant reports (CSO, 1980; Callan et al. 1988).

Table 1: Characteristics of Household Budget Survey (HBS) and ESRI Survey of Lifestyles, Poverty and Usage of State Services. (Lifestyles)

Criteria	HBS	Lifestyles
Legal foundation	Voluntary	Voluntary
Producer	CSO	ESRI
Frequency		1987 & 1989
- yearly	every 7 years	future frequency unknown
- quarterly		
- monthly		
Survey	Yes	Yes
Administrative register	No	No
Total survey	No	No
Sample survey	Yes	Yes
For samples:		
- selection criteria	Random sample	Random Sample of
- selected units (realised)	c. 7000 households	c. 3,300 households
- precision calculation	Yes	
Survey unit	Household	Household
Processing unit	Household; person	Household; person; tax/benefit unit (= family)
Regional differentiation	Yes	Yes
Smallest unit	Planning Region	Planning Region
Survey scope	All households	All households
Availability of data		
- Standard processing	Yes	Yes
- Special processing external (user)	Yes	Yes (intended)
internal (producer)	No	Yes
- Costs	Yes	Yes

Table 2: Identifying Characteristics of Poverty in the Irish Household Budget Survey (HBS) and the ESRI Survey of Lifestyles, Poverty and Usage of State Services (Lifestyles)

Resource Characteristics	HBS	Lifestyles
Gross income from employment	Yes	Yes
Gross profit from self employment	Yes	Yes
Maintenance payments	Yes	Yes
Investment income	Yes	Yes
Security benefits (amount)		
- Payments of legal insurances	Yes	Yes
- Unemployment compensation	Yes	Yes
- Housing benefit supplements	Yes	Yes
- Social aid	Yes	Yes
- Child youth allowance	Yes	Yes
Net income (after tax)		
- Net earnings from employment	Yes	Yes
- Net profit from self employment	Yes	Yes
- Pensions	Yes	Yes
Disposable income	Yes	Yes
Wealth	No	No
- Savings	No	No
- Real estate	No	No
- Stocks	No	No
- Life insurance	No	3
- Other types	No	No
- Amount	No	No
Education		
- Highest level	Age completed education	Yes
- In education (level)	Yes	Yes
Need characteristics		
Living costs	Yes	Yes (summary)
Housing situation/dwelling		
- Ownership	Yes	Yes
- Size (rooms, square)	Yes	Yes
- Equipment (bath, kitchens)	Yes	Yes
- Kind of heating	Yes	Yes
- Age	Yes	Yes
Net housing costs		
- Rent and rates (net of rebates)	Yes	Yes
- Water rates	Yes	Yes
- Ground rent and service charges	Yes	Yes
- Mortgage interest	Yes	Yes

Table 3: Structural Characteristics of Poverty in Irish Household Budget Survey (HBS) and ESRI Survey of Lifestyles, Poverty and Usage of State Services (Lifestyles).

Characteristics	HBS	Lifestyles
Indiv. demographic variables	Yes	Yes
- Sex	Yes	Yes
- Age	Yes	Yes
- Married	Yes	Yes
Family characteristics		
- Size	Yes	Yes
- Children (under 18)	Yes	Yes
- Married couples with children (under 18)	Yes	Yes
- Single persons with children (under 18)	Yes	Yes
- Married couples without children (under 18)	Yes	Yes
- Single persons without children (under 18)	Yes	Yes
Household characteristics		
- Size	Yes	Yes
- Nr. of children (under 18)	Yes	Yes
Economic and social status		
- Full-time work or self-employment	Yes	Yes
- Part-time work	Yes	Yes
- Retired	Yes	Yes
- Status of employment (civil servant, worker ...)	Yes	Yes
- Nationality*	No	No
Sources of poverty (subjective)	No	Yes
Sources of poverty (objective)		
- Sick or disabled	Yes	Yes
- Unemployed (registered)	Yes	Yes
- longtime	No	Yes
- shorttime	No	Yes

Difference between the HBS and the Lifestyles Survey

The main differences between the two surveys are as follows.

1. The Lifestyle Survey has different objectives from the Household Budget Survey. The HBS, the original purpose of which was to provide weights for the Consumer Price Index, concentrates mainly on detailed expenditure data collected on the basis of diaries kept by respondents. The Lifestyles Survey's objective is to collect information relevant to the analysis of State policy.
2. The Lifestyles Survey has a panel design. All households falling within the bottom quartile of the income distribution found in the initial survey were interviewed a second time after a two-year interval. A random sample of 500 other households were also included in the second stage of the study. This will provide the first analysis of *income dynamics* ever conducted in this country, and will permit the examination of the experiences of households who move into and out of poverty (i.e. to distinguish between temporary and permanent poverty) and to study the reasons for such movement.
3. The Lifestyles Survey relies more than the HBS on retrospective questions covering the previous 12 months, and is not as focused as the HBS on the household's current situation. Questions on labour force participation are more detailed in the Lifestyles Survey than in the HBS.
4. The Lifestyles Survey examines in detail the structural basis of poverty. It gathers much more information than the HBS on the economic, social and cultural characteristics of families and households. These include the work, occupational and educational histories of all members; the extent to which members have experienced social mobility and basic

data on households' styles of life and expectations.

5. The definition and measurement of household and individual income are the same in the Lifestyles survey as in the HBS. However, certain additional information is gathered on the way households provide for their expenditure - particularly expenditure on necessities.

- extent of drawing on savings/capital etc.
- debts incurred: banks, credit unions, moneylenders, personal loans etc.
- charity - SVP/parish etc.
- failure to pay bills - ESB/Gas etc.
- foregoing or postponing basic expenditures.

6. The Lifestyles Survey includes the following issues:

(a) Scales measuring income adequacy, both subjectively and objectively. Subjective measures include variations on Townsend's "Participation in Society" approach to poverty, ratings of perceived incomes required for a "family like mine" or a "typical/average" family, and the uses to which a financial "windfall" would be put. Objective measures of adequacy would include the household's experience in relying on indebtedness and/or drawing on savings to meet its financial commitments, as well as dependence on charity; and possession of a minimal set of household goods and services and the importance attributed by households to their absence.

(b) A major focus of the Lifestyles study is on the use made by households of various State services, particularly in the areas of health, education, housing, and transportation. It also inquires about participation in various training schemes and work experience programmes.

7. The HBS is conducted on a regular basis (current plans are to have a seven yearly cycle) so that it can provide useful comparisons over time.

At present, it is not planned to repeat or extend the Lifestyles Survey.

Other Surveys

A number of other regularly conducted surveys have, or could have, relevance to the evaluation of poverty in Ireland. These include

a) The Labour Force Survey. This survey collects detailed information on employment and unemployment as well the demographic and social characteristics of households. Its crucial defect from the point of view of poverty measurement is that it does not contain income data.

The introduction of a set of income questions to this survey would, it is believed, create severe problems with the response rate and impose extra burdens in terms of data collection and analysis. However, given the quality of the labour force and social data in this survey, the addition of an income dimension would add enormously to its usefulness. From a European perspective, the fact that these surveys are already harmonised is a further major benefit.

The main concern is that non-response to both the income section and the survey as a whole would increase substantially, so impairing the usefulness of the employment and unemployment data. Also, the difficulties involved in measuring income properly should not be under-estimated, especially in a country with a high proportion of self-employed persons. Furthermore, the LFS does not contain data on utilisation of State services, which is very important from the point of view of analysing the nature of poverty and policy response to it.

Perhaps consideration could be given to the feasibility of including an income section either in certain years (say half way through the 7 yearly cycle of the HBS) or for a (random) sub-set of the households.

b) The Farm Management Survey (See Teagasc 1987). This annual survey of

holdings is one of the main sources of estimates of incomes in agriculture and is based on a sample of some 2,000 holdings. Since it concentrates on income arising in agriculture only, it is difficult to derive from it detailed information on the overall situation of households.

c) Consumer Survey: This is a monthly survey of households carried out jointly by Teagasc and the ESRI. It is sponsored by DG II of the Commission. About 1200 randomly selected households are interviewed each month and questions asked about respondents' views on economic prospects and spending intentions. Data on basic social characteristics are also obtained and a single question on net household income is asked. However, non-response on the income question is high (up to 25 per cent). The lack of detail on income and the poor response to this question impair the usefulness of this survey for the purpose of poverty measurement.

It is possible for outside clients to add question to this survey. This was in 1984 in the context of the Report of the Commission on Social Welfare. In this round of the survey, detailed additional questions were asked on the nature and amount of all social welfare payments received and the social characteristics of recipient households studied.

It might be feasible to build upon this approach to derive an ongoing system of poverty monitoring, but such a initiative would involve considerable resources in terms of research time and data collection and analysis costs.

*ADMINISTRATIVE SOURCES OF DATA ON POVERTY**Main Sources*

The main possible administrative sources on poverty data in Ireland are

- a. The Revenue Commissioners data on income tax
- b. Social Welfare data arising from the various social security schemes.
- c. Data on Medical Card Holders (compiled by the Regional Health Boards)
- d. Data on Tenants in Rented Local Authority Accommodation (compiled by the Department of the Environment).

Revenue Commissioners Data

The Revenue Commissioners are responsible for the collection of taxes and the administration of the taxation system. The collection of income tax generates as a by-product some data on income distribution. This comprises a published and unpublished element. Blackwell in NESC Report No. 78 reviewed this data source and the following draws heavily on his work.

Some of the published material appears in the Revenue Commissioners *Annual Report*. The tables comprise the distribution of income classified in some cases by dependency and in others by type of taxpaying unit. Income classified by type of trade or profession is also published.

Unpublished tables on income distribution statistics are produced by the Revenue Data Processing Division. These tables give the distribution of income by range of income (salaries and profits) by NACE Division, by NACE Class and by marital status. Allowances, deductions, reliefs and credits are also shown. The tables are broken down into groups, giving the source of income by schedule, all persons, and cases where the main

source of income is from farming. For all persons, data are given on number of cases, amounts of total income, income tax and income after tax by range of total income (defined below), by range of taxable income, and by range of income after tax.

In cases where the main source of income is Schedule D (i.e. basically non-employee income) data are given on number of cases, amount of allowances, deductions, reliefs, income tax by range of gross income. These data on income are given for each marital status group. For all persons, data are given on number of cases and amounts of life assurance by range of total income, and number of cases and amounts of interest paid by range of total income. For farmers, data are given on number of cases by range of total income for part-time farmers, full-time farmers and all farmers.

The income distribution statistics come from data held on two computer-based tax files:

- the Schedule D income tax file;
- the PAYE employee file.

These files comprise taxpayers whose main source of income falls into each of these respective categories. The file record for each taxpayer includes address, reported income, deductions and reliefs, marital status, number of dependants, spouse's earnings, life assurance held and tax assessed, economic activity code of the employer, PRSI tax deducted, PRSI contributions.

The taxpayer is the tax unit. In cases of separate assessment, data for husband and for wife are given separately. In cases of joint assessment, the income of husband and wife is combined. The main income concept is called total income, which is gross income less statutory

deductions such as depreciation, expenses and superannuation contributions. All income tax and deductions are assessed amounts and hence may differ from actual payments.

Limitations of the Revenue Data

The main inherent limitations of the basic data on incomes are as follows:

- (i) The basic data on file cover only persons who are either issued with tax free allowance certificates (PAYE) or are subject to the direct assessment process (self-employed mainly). Hence, there is no information on many of those with low incomes or those whose incomes consist solely of social welfare payments. Where full details are not on file (for example, under PAYE if the employer has not returned the incomes for all his employees), the taxpayer's record is not included in the resulting statistics.
- (ii) There is a difficulty of distinguishing between low earners and school-leavers who are in employment for part of the year; similarly, those who may work for half of the year on "full" pay are not identified and will appear as if they were low earners over the "whole" year.
- (iii) Tax evasion affects both the distribution of income and the distribution of taxable income, and also affects the number of cases covered.
- (iv) Data are processed according to assessed income rather than accrued income. In cases where tax is paid in instalments, the tax charged may not be the same as the tax which is accepted in the year of assessment. This does not apply to PAYE and other income which is taxed at source.
- (v) For different income recipients, the income assessed refers to different tax years. For those assessed on Schedule D - obtaining income in the form of profits of trades or professions, rents, interest on loans, income from abroad - the income relates to a year earlier than in the case of those on PAYE. This can make a difference when making comparisons between different groups of people, especially at a time of relatively high inflation.
- (vi) With regard to the possibility of obtaining data classified by employment status, the basic data give information on whether the person is an employee or is self-employed, but not on

whether the person is an employer.

- (vii) In general, the data are processed on a "need to know" basis, in order to provide sufficient information to enable the Revenue to limit the person's income, and changes in coverage of certain items and their definition occur as a result of changes in the tax code.
- (viii) While in theory there should be a wide coverage of income-earning units, even the cases of people whose income falls below the respective allowance levels which apply to them, in practice there are people who are not covered. Apart from a small number of persons such as outworkers and weavers, etc., the main category which is not covered is the group of self-employed workers whose incomes are relatively low, and in these cases the Revenue would regard it as too expensive to include them in the records. The largest subgroup within the group of self-employed persons is farmers on low incomes, about 50,000 in number who will remain outside of the records.
- (ix) It is only possible to engage in analysis by tax unit rather than by household. A married couple is treated as one unit except where separate assessment occurs in which case the couple is treated as two separate persons. Hence, data on earnings of a spouse are available in all cases where these are so identified and are on record. If a person has more than one job, the various employments are aggregated together.

Given these limitations, it seems unlikely that the Revenue Commissioners data could form the basis of a valid, reliable and consistent method for measuring poverty. They can, however, provide an interesting if partial picture of the overall distribution of income.

Department of Social Welfare Data

The Department of Social Welfare administers a wide variety of social security schemes including income maintenance schemes, pensions, unemployment payments etc. The main sources of published statistics on these schemes is the publication *Statistical Information on Social Welfare Services*. This gives data on number of beneficiaries for each of the benefits and average weekly payments on those benefits, the number of adult and of child dependants under certain schemes, the number of claims received and the decisions on those claims, the rates of contribution and

of benefit under the different benefits, and total income and expenditure under social welfare schemes.

Most of the schemes administered by the Department apply only to particular subsets of the population (persons who are retired, unemployed, ill etc.) and as such are not suitable to give a comprehensive picture of the overall level of poverty in Ireland. Data on these schemes can, however, provide partial insights into the situation of particular sub-groups in the population.

There is one scheme which has the function of a sort of safety net, and aims to provide a minimum standard of living for those persons whose incomes fall below a certain level and who are not beneficiaries of another social welfare scheme. This is the Supplementary Welfare Allowance scheme which is administered by the eight regional Health Boards. The potential of data from this scheme as a source of information on poverty was examined in some detail with the following conclusions:

- (i) At any one time, the scheme includes a considerable number of persons who are receiving temporary assistance while their claim for inclusion on one of the other Social Welfare schemes is being processed. Such persons are not necessarily "poor" on any sort of permanent basis.
- (ii) The scheme also includes provision for "exceptional needs payments" which are payments made to persons who have a particularly pressing problem at a certain point in time, such as bills for electricity, gas, furniture, funerals etc. The scheme also allows for the payment of weekly supplements for housing costs, costs of special diets, heating etc. Persons availing of exceptional needs payments or supplementary payments are not necessarily in poverty but are difficult to distinguish in the records from those in receipt of a regular weekly SWA payment.
- (iii) The scheme is run on a decentralised basis and the manner in which records are kept varies from one Health Board to another. Only very limited information on coverage is provided to the Department of Social Welfare (See Appendix II for a copy of the form used).

- (iv) The amount of detail collected in relation to each claim is limited to that legally required by the Act. Many basic demographic and social characteristics are not fully recorded. In particular, data on incomes, while collected for the purpose of means testing, are not returned to the Department of Social Welfare.
- (v) The degree to which the scheme is computerised varies from region to region and the provision of statistical data was not a high priority in designing those systems which have been implemented.
- (vi) The benefit unit in the family (husband, wife and dependant children). No information is available on the situation of other household members (parents of the Head of Household, adult children etc.) so that household based measures of poverty could not be derived. It is not even possible at present to determine whether other household members are in receipt of any other type of Social Welfare payment. Indeed, the Commission of Social Welfare (1986) found it necessary to commission a special survey to examine this issue.
- (vii) While the scheme is designed as a safety net with the intention of ensuring that nobody's income falls below SWA levels, evidence from surveys suggest that there is an appreciable problem of non-take up of SWA. The reason for this finding need to be fully investigated before SWA data could be used as a poverty indicator.
- (viii) Persons in poorly paid employment will not in general be covered by the SWA scheme (although they would, if they have children, be eligible for another scheme, the Family Income Supplement).
- (ix) At present, the tax and social welfare systems are not fully integrated on the basis of a unique identification number. Work is proceeding to achieve such integration but particular difficulties are being encountered in dealing with the self-employed. If full integration of the two systems could be achieved, this would yield very valuable data on the overall distribution of income.

In the light of these difficulties, the SWA data appears to have limited potential for use as a valid and comprehensive indicator of poverty levels. It appears that while relevant data, especially income, is collected in the context of the scheme, the cost of collating and processing this information would be very substantial and a number of desirable types of analysis would simply not be feasible.

Other Possible Administrative Sources

Two other possible sources of data were examined; the records kept in the context of the General Medical Services Scheme, (which is a means tested scheme which provides free medical care for persons below a certain income level or who have particular medical difficulties) and the data on tenants renting dwellings from Local Authorities on the basis of the Differential Rent Scheme (an income-related scheme which reduces the rent paid by households on lower incomes).

Although income data are collected in the context of two schemes, they are unlikely to provide a good basis for poverty measurement for the following reasons.

- a. The schemes are decentralised, one being administered by the Regional Health Boards and the other by the Local Authorities. The manner in which information is collected and stored, and degree of computerisation involved, varies enormously. Only a very limited amount of data is returned to the central government department for statistical purposes.
- b. Especially in the case of the GMS scheme, there is a substantial element of discretion involved in the granting of the medical card. For example, persons with relatively high incomes but having substantial on-going medical expenses may be granted a medical card.
- c. The definition of income and other variables used are not necessarily consistent with those used in compiling national statistics.
- d. The population in question are those to whom the schemes apply. Thus, only those who apply for a Medical Card will be included in the GMS scheme and only Local Authority tenants will be covered by the

Differential Rent Scheme Data.

OVERALL CONCLUSION

This paper has reviewed the main possible statistical sources on poverty in Ireland. Sources based on survey data exist and can give good information on the level and nature of poverty in Ireland. However, these surveys are conducted at relatively infrequent intervals, the current plan for the Household Budget Survey being a 7 yearly cycle and it is unknown when, or if, the Lifestyles survey will be repeated.

A number of different administrative sources were reviewed, including data based on taxation information, social security payments and health and housing entitlements. While each of these gives some useful partial insights, none of them was considered to be at present a useful source for valid and reliable overall statistics on poverty. It might be possible to modify data collection procedures in relation to these schemes so as to obtain valid data on poverty but the costs involved would certainly be very substantial and even the feasibility of doing this is open to question.

It would seem that the most useful way to improve poverty measurement in Ireland would be to use the survey data when it is available to obtain benchmarks for particular years. The partial information from the various administrative sources can then be utilised to supplement and update this picture in the years when surveys are not conducted.

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Farm Management Survey

*ESRI Project on Income Distribution, Poverty,
and Usage of State Services*

Working Papers

<i>Number</i>	<i>Title</i>	<i>Author(s)</i>
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