

Income and Living Conditions

2018

Most persons at-risk-of-poverty lived in the regions Norte and Centro

The definitive data of the Survey on Income and Living Conditions (EU-SILC), carried out in 2018 on previous year incomes, indicate that the annual median equivalent monetary disposable income in Portugal was €9,346 in 2017, and therefore the at-risk-of-poverty threshold was €5,607 (€467 a month). These data confirm that 17.3% of the residents (1,777 thousand persons) were at-risk-of-poverty in 2017.

Although persons living in the autonomous regions were more exposed to the risk of poverty (31.6% in Açores and 27.5% in Madeira), the majority of residents at-risk-of-poverty lived in 2017 in the regions of Norte (664 thousand) and Centro (415 thousand).

The definitive results of the survey also confirm a strongly asymmetrical distribution, with a Gini coefficient of around 32% for most regions, with the exception of Alentejo as the less unequal region (28.9%) and the Região Autónoma dos Açores with the highest coefficient (37.9%).

The survey held in 2018 on previous year incomes is the first in the series Survey on Income and Living Conditions allowing for regional estimates, made possible by the increase of the sample size. In order to achieve NUTS 2 regional representativeness, at least for the Europe 2020 indicators, a gradual process of increasing the sample size over four years was implemented, doubling it between 2014 and 2018: 7,706 households in 2014 and 15,619 in 2018. The adoption of a gradual process allowed maintaining the annual rotational scheme of four independent subsamples, with replacement of one of them each year.

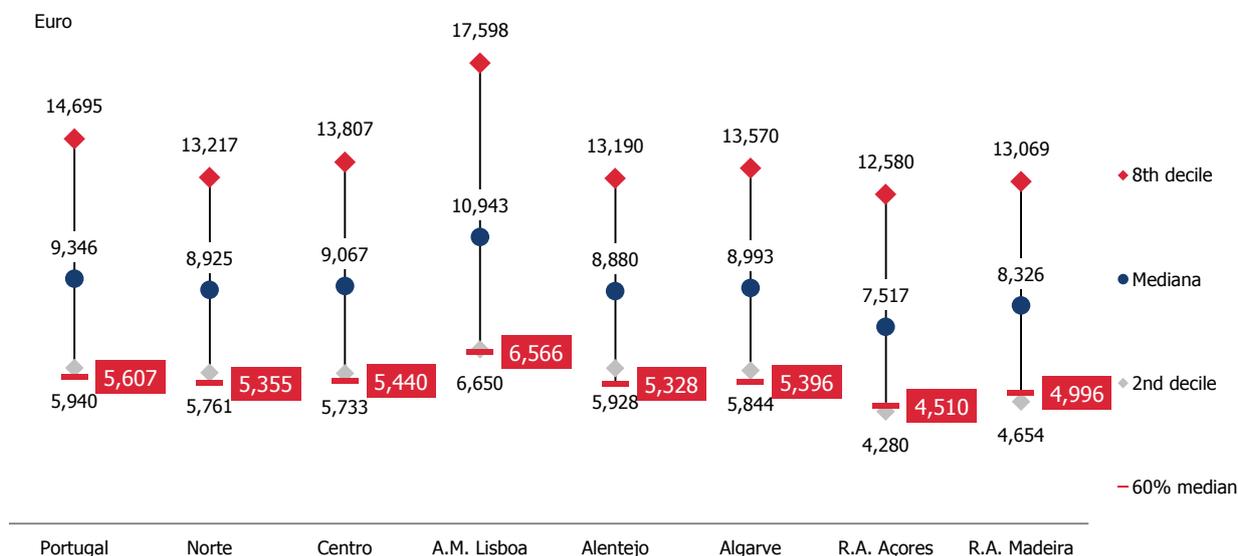
Data described in this press release are definitive and may reflect slight differences in relation to the provisional results published at the end of November 2018. The annexed file presents the complete set of indicators available.

The at-risk-of-poverty threshold was €5,607 in 2017

The definitive data of the Survey on Income and Living Conditions (EU-SILC) held in 2018 on previous year incomes, indicate that the annual median equivalent monetary disposable income in Portugal was €9,346 in 2017, and therefore the at-risk-of-poverty threshold was €5,607 (€467 a month), increasing by 3.0% from the previous year. The at-risk-of-poverty threshold corresponds to 60% of the median of the distribution of equivalent monetary disposable incomes.

These data confirm that 17.3% of the residents (1,777 thousand persons) were at-risk-of-poverty in 2017, as well as the decreasing trend of the indicator (1.0 pp less than in 2016 and 2.2 pp less than in 2013).

Figure 1. Distribution of equivalent monetary net income, Portugal and NUTS 2, 2017



The median income was significantly higher in the Área Metropolitana de Lisboa and lower in the autonomous regions

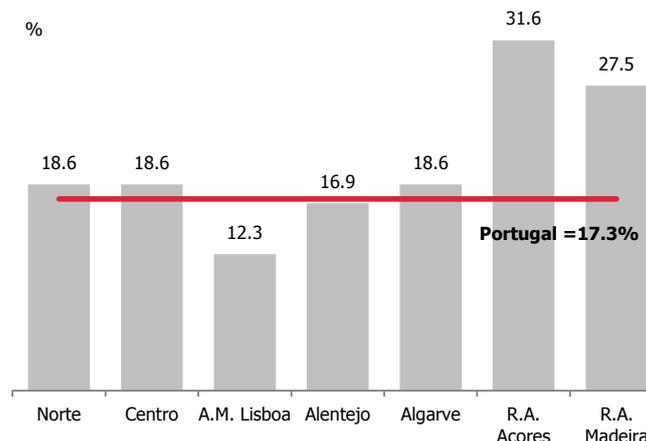
The regional at-risk-of-poverty rates are relative measures based on the national poverty threshold (as mentioned before, €5,607 in 2017), following the convention adopted in the EU-SILC program of which the survey is a part. Therefore, regional poverty risks are influenced by the relative position of each region’s income distribution in relation to the national distribution.

In 2017, the Área Metropolitana de Lisboa was the only NUTS 2 region with a median income (€10,943) higher than the national median (€9,346), while the median income in the Região Autónoma dos Açores (€7,517) and the Região Autónoma da Madeira (€8,326) showed relevant differences (€1,829 less in the case of Açores and €1,020 less in Madeira) in relation to the national value.

Residents in the autonomous regions faced higher risks of poverty, but the majority of those at-risk-of-poverty lived in the regions Norte and Centro

In 2017, only the Área Metropolitana de Lisboa had a significantly lower rate of poverty than the national value: 12.3%, i.e. 5 pp less than the national at-risk-of-poverty rate (17.3%). In Alentejo, the at-risk-of-poverty was 16.9%, only slightly lower than the national average.

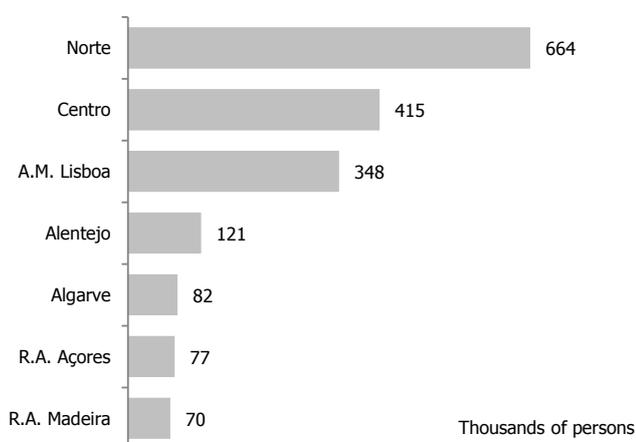
Figure 2. At-risk-of-poverty rate, Portugal and NUTS 2, 2017



In contrast, the autonomous regions of Açores and Madeira showed at-risk-of-poverty rates of 31.6% and 27.5%, respectively, quite above the national value.

However, the majority of persons at-risk-of-poverty lived in the regions Norte (664 thousand) and Centro (415 thousand).

Figure 3. Population at-risk-of-poverty, NUTS 2, 2017



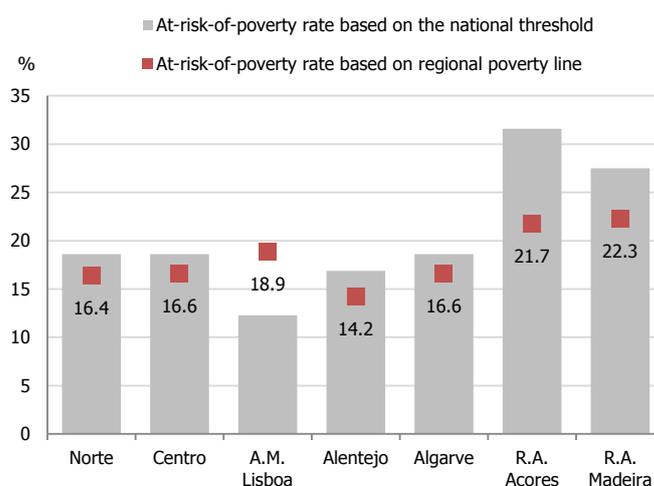
The use of regional poverty lines mitigates the differences in at-risk-of-poverty between regions

This analysis can be complemented by the calculation of regional poverty lines. In each NUTS 2 region, the regional poverty line corresponds to the proportion of the population living in that region with equivalent disposable monetary incomes less than 60% of the median of the distribution of the equivalent disposable monetary incomes in that region. With the exception of the Área Metropolitana de Lisboa, regional poverty lines fall below the national poverty threshold, reflecting the different socioeconomic conditions, namely the different levels of cost of living.

The use of regional poverty lines results in the increase in the risk of poverty for the region with a median income higher than the national median income (18.9%

in the Área Metropolitana de Lisboa) and in the reduction of poverty risks for the remaining regions (for example, 31.6% in the Região Autónoma dos Açores when considering the national threshold, to 21.7% taking into account the regional line).

Figure 4. At-risk-of-poverty rates (calculated with regional poverty lines), Portugal and NUTS 2, 2017



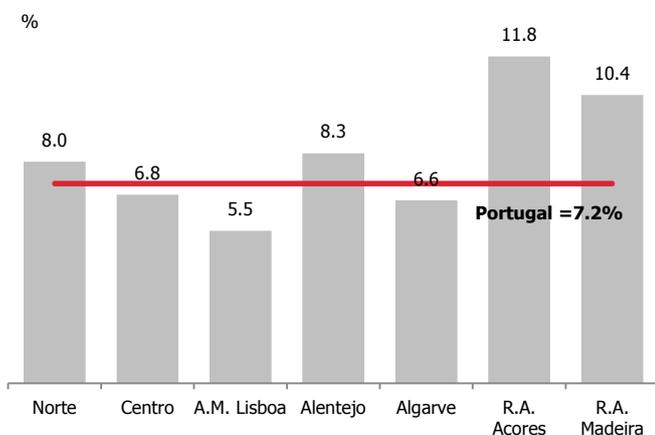
The very low work intensity was higher than 10% in the autonomous regions

Besides income, there are other conditions that may enhance the risk of social exclusion of a household, namely the degree of participation of its members in the labour market.

Persons in a very low work intensity condition are those aged less than 60 who, in the income reference period, lived in households where adults aged 18-59 (excluding students) worked on average less than 20% of the labour potential.

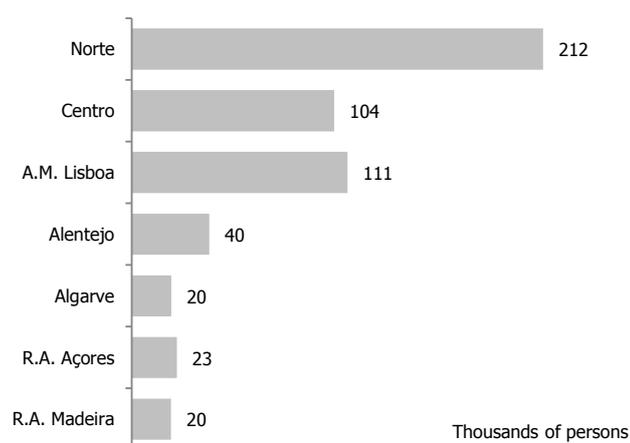
The 2018 survey definitive data confirm that 532 thousand persons aged less than 60 years old lived in households with very low per capita work intensity in 2017, i.e. a proportion of 7.2% (0.8 pp less than in the previous year and 5.0 pp less than in 2013).

Figure 5. Very low work intensity per capita, Portugal and NUTS 2, 2017



In 2017, there were three regions where the very low work intensity rate was lower than the national average, namely Área Metropolitana de Lisboa (5.5%), Algarve (6.6%) and Centro (6.8%). The proportion of persons aged less than 60 that lived within very low work intensity households was higher in the autonomous regions: 10.4% in Madeira and 11.8% in Açores.

Figure 6. Population (<60 years old) living in very low work intensity households, NUTS 2, 2017



However, 40% of persons living in very low work intensity households were in the region of Norte (212 thousand), 21% in Área Metropolitana de Lisboa (111

thousand) and 20% (104 thousand) in the region of Centro.

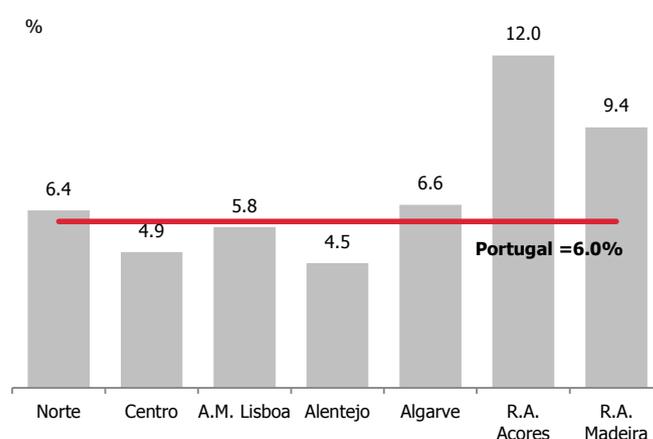
The region of Alentejo was the one in which fewer people were affected by material deprivation

Material deprivation, i.e., the lack of access to a set of economic needs and durable goods, is also a factor that can enhance the risk of social exclusion.

In the context of Survey on Income and Living Conditions (EU-SILC), several material deprivation indicators are calculated, all based in the lack of access to a set of nine items due to economic difficulties (listed in the Technical Note), with emphasis to the severe material deprivation, corresponding to situations where there is not access to at least four of the nine items due to economic causes.

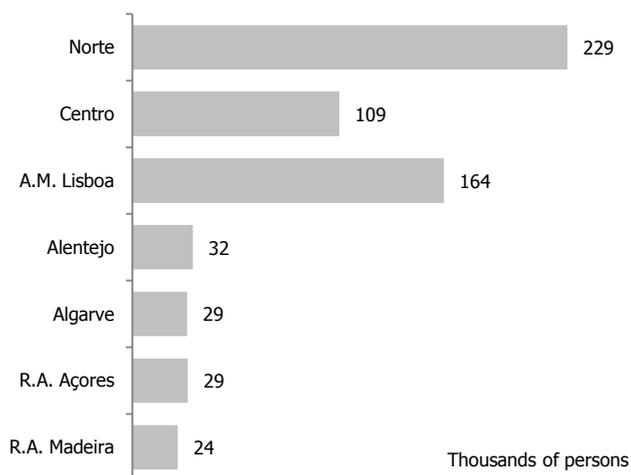
The definitive data of the survey carried out in 2018 confirm that, in that year, the severe material deprivation rate was 6.0% (615 thousand persons), keeping the decreasing trend of the series (0.9 pp less than in 2017 and less 4.9 pp than in 2013).

Figure 7. Severe material deprivation rate, Portugal and NUTS 2, 2018



In 2018, the region of Alentejo was the one in which relatively fewer persons lived in a severe material deprivation condition (32 thousand persons, i.e. 4.5% of the residents in the region). Although the rate of severe material deprivation was higher in the autonomous regions (12.0% in Açores and 9.4% in Madeira), the majority of residents in a severe material deprivation condition were in the region Norte (229 thousand) and in Área Metropolitana de Lisboa (164 thousand).

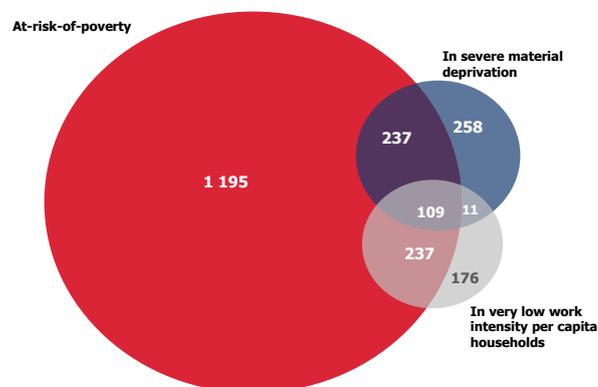
Figure 8. Population in severe material deprivation, NUTS 2, 2018



The material deprivation rate in the Área Metropolitana de Lisboa (5.8%) is closer to the national value (6.0%) than in the case of the at-risk-of-poverty rate (12.3% and 17.3% respectively). This result may be influenced by the fact that the poverty rate does not take into account the different regional purchasing powers, which is not the case of the other indicator. The opposite occurred in the regions of Centro and Alentejo: material deprivation rates (4.9% and 4.5%, respectively) were more distant from national (6.0%) than regional at-risk-of-poverty rates (respectively 18.6% and 16.9%, vs. 17.3%).

2.2 million persons at-risk-of-poverty or social exclusion in 2018

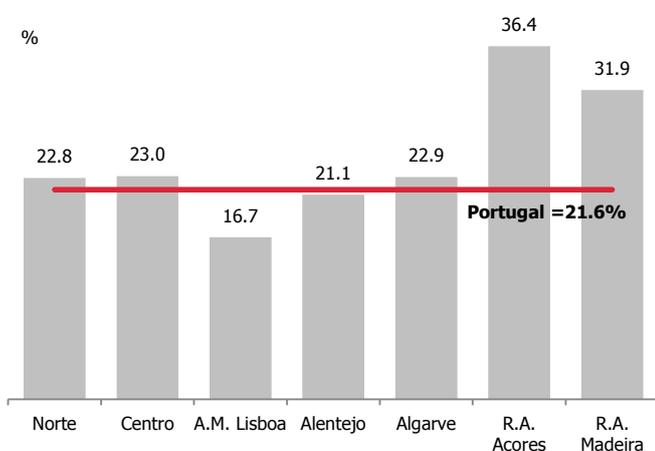
In the context of Europe 2020, an indicator was set out regarding the population at-risk-of-poverty or social exclusion, joining the concepts of relative at-risk-of-poverty rate – people with an annual equivalent income below the poverty threshold – and severe material deprivation with the concept of very low per capita labour intensity (see Technical Note).



In 2018, 2,223 thousand persons were at-risk-of-poverty or social exclusion, joining those at-risk-of-poverty (1,777 thousand) or living in very low per capita work intensity households (532 thousand) in the previous year or living in severe material deprivation in 2018 (615 thousand). Of those, 109 thousand persons endured simultaneously the three adverse conditions: poverty, deprivation and low work intensity.

Therefore, the at-risk-of-poverty or social exclusion was 21.6% in 2018, 1.7 pp less than in the previous year and 5.9 pp than in 2013.

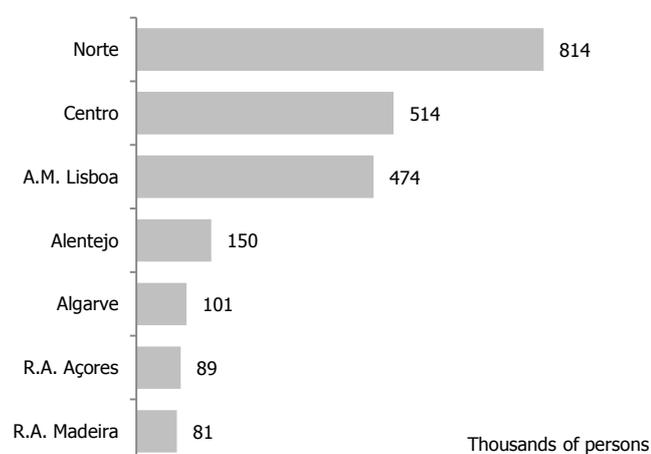
Figure 9. At-risk-of poverty or social exclusion rate, Portugal and NUTS 2, 2018



As shown in the three base indicators – poverty, material deprivation and low work intensity –, the at-risk-of-poverty or social exclusion was quite higher in the autonomous regions of the Açores (36.4%) and Madeira (31.9%).

Although the lowest proportion of persons at-risk-of-poverty or social exclusion was recorded in the Área Metropolitana de Lisboa, 16.7%, the number of persons affected by this risk in this region was one of the highest (474 thousand).

Figure 10. Population at-risk-of poverty or social exclusion, NUTS 2, 2018



People at-risk-of-poverty or social exclusion in the regions Norte (814 thousand) and Centro (514 thousand) accounted for 60% of the total of persons affected in the country.

A strong inequality in income distribution is confirmed

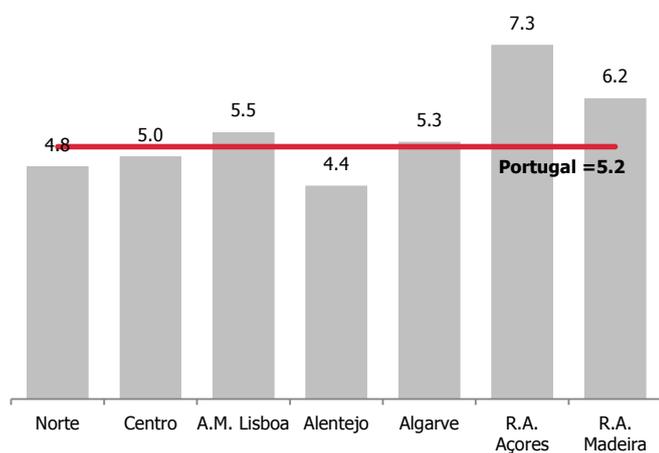
The definitive data of the Survey on Income and Living Conditions (EU-SILC) held in 2018 on previous year incomes, indicate a strongly asymmetrical distribution, no matter the main indicators of inequality having decreased again in 2017:

- The Gini Coefficient, which takes into account the entire income distribution, reflecting income differences across all population groups, and not only those with the highest and lowest incomes, stood at 32.1%, 1.4 pp less than in the previous year;
- The S80/S20 ratio, which is the ratio of the net equivalent monetary income received by the 20% of the population with the highest income to that received by the 20% of the population with the lowest income, was 5.2, less than in 2016 (5.7);
- The S90/S10 ratio, which is the ratio of the net equivalent monetary income received by the 10% of the population with the highest income to that received by the 10% of the population with the lowest income, was 8.7, less than in the previous year (10.0).

By region (Figure 1), the Região Autónoma dos Açores was the one with the highest difference between the second and eighth income deciles, which is also confirmed by the regional value of the S80/S20 ratio: 7.3, higher than the national value of 5,2 (Figure 11).

Alentejo was the region where the income distribution was less unequal (4.4).

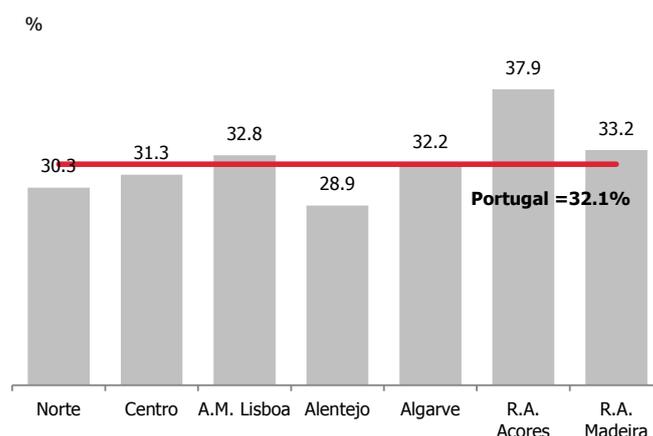
Figure 11. Inequality of income distribution (S80/S20), Portugal and NUTS 2, 2017



Similar conclusions can be drawn from the Gini coefficient of the equivalent net monetary incomes,

with the Região Autónoma dos Açores showing a value of 37.9% in 2017, 5.8 pp higher than the national value, and the region Alentejo with a value of 28.9%.

Figure 12. Gini coefficient of equivalent monetary net income, Portugal and NUTS 2, 2017



TECHNICAL NOTE

The Survey on Income and Living Conditions (EU-SILC) has been held in Portugal since 2004, within the framework of specific EU legislation (Regulation (EC) No 1177/2003), establishing a common EU program for the systematic production of statistics on poverty, deprivation, and social exclusion.

The survey held in 2018 on previous year incomes is the first in the series "Inquérito às Condições de Vida e Rendimento" allowing for regional estimates, made possible by the increase of the sample size. In order to achieve NUTS 2 regional representativeness, at least for the Europe 2020 indicators, a gradual process of increasing the sample size over four years was implemented, doubling it between 2014 and 2018: 7,706 households in 2014 and 15,619 in 2018. The adoption of a gradual process allowed maintaining the annual rotational scheme of four independent subsamples, with replacement of one of them each year.

The annual sample of the survey is made of four subsamples or rotations, selected from the sampling frame based on the National Dwellings Register. The selection of each subsample follows a NUTS 2 stratified multistage sampling design, with primary sampling units (INSPIRE grid cells of 1km²) being selected with probability proportional to the number of dwellings of usual residence, and secondary sampling units (dwellings) selected systematically in each primary sampling unit. All households and individuals residing in the selected dwellings are interviewed.

The estimated results are obtained using household and individual weights, calibrated by region, household size, age, and sex.

Data are collected on an annual basis through Computer Assisted Personal Interviews (CAPI). The questionnaire includes questions on the household and also on each member's personal characteristics, particularly on the income of all members aged 16 and over. In 2018 the Survey was addressed to 15,619 households, of which 13,717 with a complete interview (data was collected on 33,935 persons; 29,360 aged 16 and over). Fieldwork usually takes place in the second quarter of each year.

The indicators were based on the net annual monetary income of households in the year (2017) previous to survey data collection year. Non-monetary income sources, namely wages in kind, self-consumption and imputed rents associated with owner occupation are excluded.

As to reflect the differences in the size and composition of households, net income was transformed into equivalent income using the OECD-modified equivalence scale. Equivalent income is obtained by dividing the net income of each household by its size in number of adult equivalents and their value assigned to each household member.

Data on material deprivation refer to the survey data collection year (2018).

At-risk-of-poverty rate: Percentage of the population with an equivalent income lower than the at-risk-of-poverty threshold, which is defined as 60% of the median equivalent income.

At-risk-of-poverty threshold: Income threshold under which a household is considered to be living in risk of poverty. It was conventionalised by the European Commission as 60% of the median national equivalent income.

Equivalent income: The result of the division of the household's disposable income by its size in terms of "equivalent adults". Note: "Equivalent adults" is a unit resulting from the application of the OECD modified scale.

Gini coefficient: Inequality income distribution indicator aiming at transmitting in one sole value the asymmetry of that distribution, with values between 0 (everyone having exactly the same income) and 100 (one person has all the income, while everyone else has zero income).

Household net disposable income: Total monetary net annual income of a household from all sources: wages and salaries, self-employment and capital income, public and private transfers and other income sources, net of income taxes and social security contributions.

Intensity of material deprivation: Mean of items of material deprivation lacked by the population in material deprivation.

Low per capita labour intensity: Population aged less than 60 who, in the income reference period, lived in households where adults aged 18-59 (excluding students) worked on average less than 20% of the labour potential.

Material deprivation rate: Percentage of population with an enforced lack of at least three out of the following nine items, due to economic difficulties: a) capacity to face unexpected financial expenses (without asking for financial help); b) capacity to afford paying for one week's annual holiday away from home, paying travel and accommodation costs for all household

members; c) capacity to pay on time for mortgage or rent payments, utility bills, hire purchase installments or other loan payments; d) capacity to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day; e) capacity to pay for keeping its home adequately warm; f) capacity to afford for a washing machine; g) capacity to afford for a color TV; h) capacity to afford for a telephone (including a mobile phone); i) capacity to afford a car.

Modified OECD equivalence scale: An equivalence scale that assigns a weight of 1.0 to the first household member aged 14 or over, 0.5 to each additional member aged 14 or more and 0.3 to each member aged less than 14 years old. The use of this scale accounts for differences in size and age composition among households.

Population at-risk-of-poverty or social exclusion: Population at-risk-of-poverty or living in households with a very low per capita labour intensity or severely materially deprived.

S80/S20 Ratio: Inequality income distribution indicator defined as the ratio of the total income received by the 20% of the population with the highest incomes (top quintile) to that received by the 20% of the population with the lowest incomes (lowest quintile).

S90/S10 Ratio: Inequality income distribution indicator defined as the ratio of the total income received by the 10% of the population with the highest incomes (top decile) to that received by the 10% of the population with the lowest incomes (lowest decile).

Severe material deprivation rate: Percentage of population with an enforced lack of at least four out of the same nine items considered in the material deprivation rate.

Main indicators

Table 1.1 - Indicators Europe 2020, Portugal

Survey year = n		2014	2015	2016	2017	2018
thousand people						
At-risk-of poverty or social exclusion	(n)	2,863	2,765	2,595	2,399	2,223
Severe material deprivation	(n)	1,108	997	865	708	615
At-risk-of-poverty after social transfers	(n-1)	2,030	2,019	1,960	1,887	1,777
Very low work intensity per capita	(n-1)	934	826	687	599	532
%						
At-risk-of poverty or social exclusion rate	(n)	27.5	26.6	25.1	23.3	21.6
Severe material deprivation rate	(n)	10.6	9.6	8.4	6.9	6.0
At-risk-of-poverty rate after social transfers	(n-1)	19.5	19.5	19.0	18.3	17.3
Very low work intensity per capita	(n-1)	12.2	10.9	9.1	8.0	7.2

Source: INE, EU-SILC: Statistics on Income and Living Conditions - 2014-2018

Note:

People at-risk-of poverty or social exclusion: People who are at-risk-of-poverty and/or suffering from severe material deprivation and/or living in households with very low work intensity. By convention, data refers to the survey year. The indicator at-risk-of poverty or social exclusion combines two indicators based on the income reference year (At-risk-of poverty rate after social transfers and Very low work intensity per capita) with one indicator based on the survey year (Severe material deprivation rate).

Table 1.2 - Indicators Europe 2020, Portugal and NUTS II

2018	Portugal	Norte	Centro	A.M. Lisboa	Alentejo	Algarve	R. A. Açores	R. A. Madeira
thousand people								
At-risk-of poverty or social exclusion	2,223	814	514	474	150	101	89	81
Severe material deprivation	615	229	109	164	32	29	29	24
At-risk-of-poverty after social transfers	1,777	664	415	348	121	82	77	70
Very low work intensity per capita	532	212	104	111	40	20	23	20
%								
At-risk-of poverty or social exclusion rate	21.6	22.8	23.0	16.7	21.1	22.9	36.4	31.9
Severe material deprivation rate	6.0	6.4	4.9	5.8	4.5	6.6	12.0	9.4
At-risk-of-poverty rate after social transfers	17.3	18.6	18.6	12.3	16.9 (a)	18.6	31.6 (a)	27.5 (a)
Very low work intensity per capita	7.2	8.0	6.8	5.5	8.3	6.6	11.8	10.4

Source: INE, EU-SILC: Statistics on Income and Living Conditions

Nota:

People at-risk-of poverty or social exclusion: People who are at-risk-of-poverty and/or suffering from severe material deprivation and/or living in households with very low work intensity. By convention, data refers to the survey year. The indicator at-risk-of poverty or social exclusion combines two indicators based on the income reference year (At-risk-of poverty rate after social transfers and Very low work intensity per capita) with one indicator based on the survey year (Severe material deprivation rate).

(a) Revised value from the provisional value released in November 2018.

Table 1.3 - Inequality of income distribution indicators, Portugal and NUTS II

2017	Unit	Portugal	Norte	Centro	A.M. Lisboa	Alentejo	Algarve	R. A. Açores	R. A. Madeira
Gini coefficient	%	32.1 (a)	30.3	31.3	32.8	28.9	32.2	37.9	33.2
Inequality of income distribution (S80/S20)	N.º	5.2 (a)	4.8	5.0	5.5	4.4	5.3	7.3	6.2
Inequality of income distribution (S90/S10)	N.º	8.7 (a)	x	x	x	x	x	x	x

Fonte: INE, EU-SILC: Inquérito às Condições de Vida e Rendimento - 2018

(a) Revised value from the provisional value released in November 2018.

Conventional sign:

x: Not available

Table 1.4 - Material deprivation indicators, Portugal and NUTS II

2018	Unit	Portugal	Norte	Centro	A.M. Lisboa	Alentejo	Algarve	R. A. Açores	R. A. Madeira
Material deprivation rate	%	16.6	17.7	15.0	15.3	13.3	18.1	28.3	25.5
Severe material deprivation rate	%	6.0	6.4	4.9	5.8	4.5	6.6	12.0	9.4
Material deprivation intensity	N.º	3.5	3.5	3.5	3.5	3.5	3.6	3.7	3.5

Source: INE, EU-SILC: Statistics on Income and Living Conditions