statistiche report

Istat Istituto Nazionale di Statistica

LIVING CONDITIONS AND HOUSEHOLD INCOME | YEARS 2021-2022

Stable the risk of poverty or social exclusion

In 2022 just under a quarter of the population (24.4%) is at **risk of poverty or social exclusion**, almost as much as in 2021 (25.2%). However, with the recovery of the economy, the population in conditions of **severe material and social deprivation** is significantly reduced (4.5% compared to 5.9% in 2021) and the population at risk of poverty remains stable (20.1%).

In 2021, the **average household income** (€33,798) returned to growth both in current price (+3%) and constant price (+1%).

In 2021, the total income of the wealthiest households is 5.6 times that of the poorest households (substantially stable ratio compared to 2020). This value would have been higher (6.4) in the absence of interventions to support households.

+1.4%

Median income growth in 2021

The median net household income is 26,979 euros (2,248 euros per month)

+5.8%

The increase in self-employment income at constant prices

+4.2% growth in employee income and -4.8% income from social transfers related to the health emergency

15%

Households who have benefited from extraordinary support measures

For these households, the average amount during 2021 was of 2,262 euros (6.5% of household income)

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LIVING CONDITIONS

Severe material and social deprivation decreases

Starting from the 2022 edition of the Income and living conditions Survey, in implementation of the new Regulation of IESS social statistics, the "Europe 2030 Strategy" indicators are published, replacing the indicators defined by the Europe 2020 Strategy which were disseminated until 2021. The new indicators, estimated for the years 2021 and 2022 and reconstructible up to 2015, are not comparable with the previous time series since they include a broader definition of the indicator of severe deprivation and low work intensity (see the Glossary).

in 2022, 20.1% of people residing in Italy are at risk of poverty (about 11 million and 800 thousand individuals) having had, in the year preceding the survey, a net equivalent income, without figurative and in-kind components, lower to 60% of the median (i.e. 11,155 euros). At national level, the share of the population at risk of poverty remains the same as the previous year (20.1%).

4.5% of the population (about 2,613,000 individuals) is in conditions of severe material and social deprivation, i.e. it presents at least seven signs of deprivation out of the thirteen identified by the new indicator (Europe 2030). Compared to 2021 (the share was 5.9%) there is a marked reduction in conditions of serious hardship, thanks to the recovery of the economy after the pandemic crisis and the increase in employment and household income. The reduction in the percentage of the population in conditions of severe material and social deprivation is marked in the North-West and in the Centre. Furthermore, 9.8% of individuals live in households with low work intensity (Europe 2030 indicator), i.e. with members between the ages of 18 and 64 who worked less than a fifth of the time in 2021, a percentage down compared to 10 8% in 2021, as a result of the better conditions on the labor market.

The population at risk of poverty or social exclusion (composite indicator Europe 2030), i.e. the share of individuals who find themselves in at least one of the above three conditions (referring to income, deprivation and work intensity), is equal to 24.4% (about 14 million 304 thousand people), almost stable compared to 2021 (25.2%). This trend summarizes the significant reduction in the population in conditions of severe material and social deprivation, thanks to the economic recovery, with a share of the population at risk of poverty equal to the previous year.

In 2022, the reduction of the population at risk of poverty or social exclusion affects all areas with the exception of the South, which remains the area of the country with the highest percentage of individuals at risk (40.6%, as in 2021). In this geographical area, the composite indicator reveals an increase in the share of individuals at risk of poverty (33.7% compared to 33.1% in 2021) and the positive sign of the reduction in the share of individuals living in households with low work intensity (17.1% compared to 19.5% in 2021). At the regional level, a marked improvement can be observed for Campania and Sicily, with a reduction in the risk of poverty or social exclusion, driven by a significant reduction in all three indicators (risk of poverty, severe deprivation and low work intensity). However, the risk of poverty or social exclusion increases in Puglia, Sardinia and Calabria; in the latter two regions the three indicators worsen and above all the low work intensity and severe deprivation increase.

INCOME AND LIVING CONDITIONS: THE KEY NUMBERS

Years 2021 and 2022, average in euro, indicator per 100 individuals, percentage values

INDICATOR	Survey 2021					Survey 2022				
	North-West	North-East	Centre	South and Islands	Italy	North-West	North-East	Centre	South and Islands	Italy
Household net income (excluding imputed rent) (*)	36,018	36,418	33,837	27,053	**32,812**	37,647	38,340	34,555	27,114	**33,798**
Risk of poverty or social exclusion – Europe 2030	17.4	14.2	20.4	40.6	**25.2**	16.1	12.6	19.6	40.6	**24.4**
Risk of poverty (*)	13.2	11.5	15.8	33.1	**20.1**	13.2	10.4	15.9	33.7	**20.1**
Recipients of wage subsidies (*) (a) (b)	38.8	40.8	38.9	31.8	**37.4**	15.6	16.6	18.3	19.1	**17.3**
Families receiving Citizenship Income (*)	2.9	1.7	3.6	10.7	**2.9**	3.9	1.5	4.3	11.2	**3.9**

(*) The reference period is the calendar year preceding the survey year.
(a) It includes the ordinary, extraordinary and exceptional redundancy fund and the ordinary and special checks of the solidarity funds.
(b) Out of total employees in the private sector.

In the North there is a marked improvement in the living conditions and household income levels; in particular, the North-East is confirmed as the geographical area with the lowest share of the population at risk of poverty or social exclusion in the country (12.6% compared to 14.2% in 2021). In the Autonomous Province of Trento, in Emilia Romagna and Veneto there is a strong reduction in the risk of poverty and socila exclusion in the last two regions also in the low work intensity. The autonomous province of Bolzano goes against the trend, where the risk of poverty or social exclusion is increasing. The risk is also reduced in the North-West (16.1% compared to 17.4% in 2021); in particular, severe material and social deprivation is reduced in Lombardia and the three indicators improve in Piemonte. In Liguria, on the other hand, the risk of poverty and low work intensity increase.

Also in the Centre the population at risk of poverty or social exclusion decreased (19.6% compared to 20.4% in 2021), due in particular to the reduction of severe material and social deprivation while the indicator of low work intensity increased . At the regional level, in Tuscany all three indicators improve, in Umbria the risk of poverty decreases, while in the Marche and Lazio the risk of poverty and low work intensity increase.

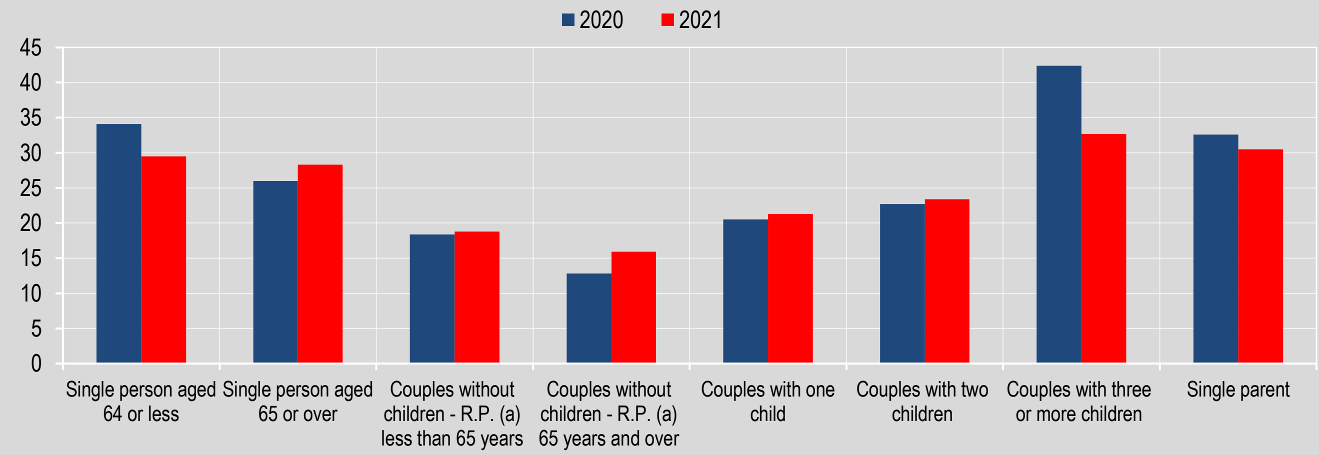
The risk of poverty or social exclusion for numerous households is reduced

In 2022, the incidence of the risk of poverty or social exclusion will decrease in particular for individuals living in households with five or more members (31.2% compared to 40.7% in 2021) and for households with three or more children (32.7% compared to 42.4% in 2021). For these household types, the risk of poverty (following the increase in incomes) and the indicator of severe material and social deprivation are reduced. The risk of poverty or social exclusion is also reduced for single people of working age under 65 (29.5% compared to 34.1% in 2021) while it worsens for childless couples with a reference person over 65 (15.9% and 12.8% in 2021).

The risk of poverty or social exclusion also decreases for those living in households where the main source of income is self-employment (19.9% compared to 22.5% in 2021, thanks to the rebound in incomes) and the dependent work (17.2%, it was 17.7% in 2021), while it remains high and unchanged for those who can mainly count on income from pensions and/or public transfers (34.2% in both years).

Even for members of households with at least one foreign citizen, who had deteriorated sharply during the pandemic, the risk of poverty or social exclusion is decreasing (39.6%, compared to 44.7% in 2021).

FIGURE 1. INDICATOR OF POVERTY OR SOCIAL EXCLUSION BY HOUSEHOLD TYPE – EUROPE 2030. Years 2021 and 2022, per 100 individuals



(a) r p..: reference person

HOUSEHOLD INCOME

Household income resumed growth after the pandemics

In 2021, average household net income (excluding imputed rents) was 33,798 euros, about 2,817 euros per month. In the second year of the Covid-19 pandemics, with the gradual and continuous recovery of social and economic activities, household income was higher compared to the previous year both at current prices (+3%) and at constant prices (+1%). Equivalised income, that accounts for scale economies within the household and allows for income comparisons between households of different size and composition, grew by 3% in real terms, due to the remarkable reduction in mean household size. It should be noted that the income concept to which we refer does include some components that are not considered in the definition of household income harmonized at European level, such as luncheon vouchers, non-monetary fringe benefits (except for the market value of the company car already included in the European definition) and the monetary value of goods produced for own consumption.

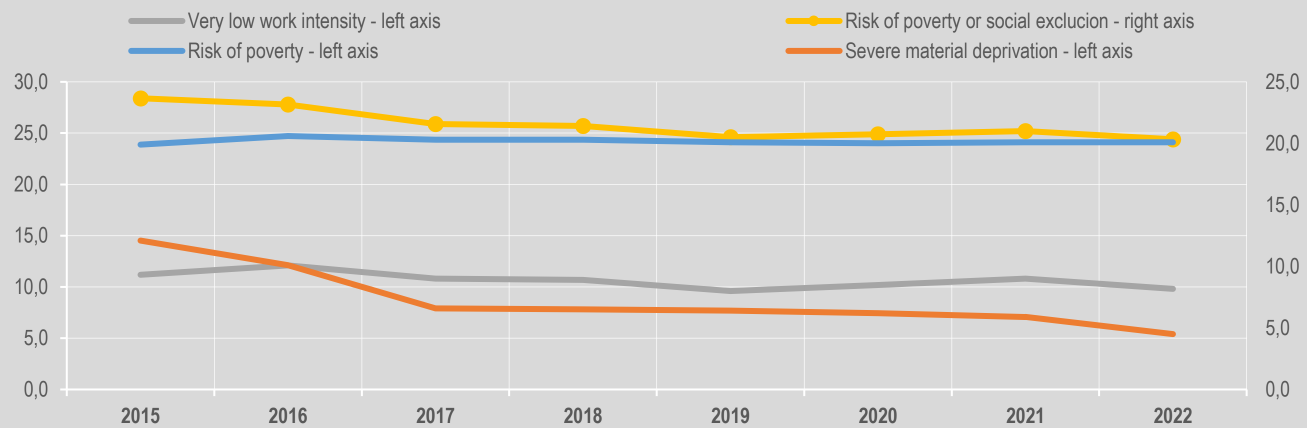
Compared to the previous year, in 2021 average household income at constant prices (excluding imputed rents and considering the 1.9% increase in the harmonized index of consumer prices (HICP)) decreased only in the South (-1.7%), while growing in the North-East (+3.3%) and in the North-west (+2.5%) and was unchanged in the Centre.

The overall real income reduction with respect to the 2007 level, the year before the first signs of the crisis, was still large with an average real loss of 5.3% for household incomes. Looking at geographical areas, total reduction in household income amounted to 10% in the Centre, 9.4% in the South, 1.7% in the North-East and 0.9% in the North-West. In particular, average total real income losses with respect to 2007 were large for households whose main income source is self-employment (-10.5%) or employee income (-7.5%), whereas households whose main source of income are pensions and other public transfers had an 8.4% gain in the same period.

In order to compare living standards of households living in their main accommodation as owner-occupiers with those of households paying actual rents (approximately one fifth of all households), it is appropriate to include imputed rents of owner-occupiers, life tenants and free-rent tenants.

In 2021, household income including imputed rents was 39,144 euro, up 1.6% in real terms with respect to 2020. The increase in equivalised income including imputed rents at constant prices was even higher at 3.5%.

FIGURE 2. INDICATORS OF POVERTY OR SOCIAL EXCLUSION – EUROPE 2030
Years 2015-2022, out of 100 individuals (a)



(a) The risk of poverty is calculated on the incomes of the year preceding the survey and the low work intensity is calculated on the total number of months worked by household members during the year preceding the survey.

Since the distribution of household income is asymmetric, the majority of households has an income level lower than the average. Looking at the median value, i.e. the income level that divides households in two groups of equal size, in 2021 half of Italian households had an income not higher than 26,979 euros (2,248 euros per month), 1.4% higher at current prices compared to 2020 (26,597 euro) but virtually unchanged at constant prices.

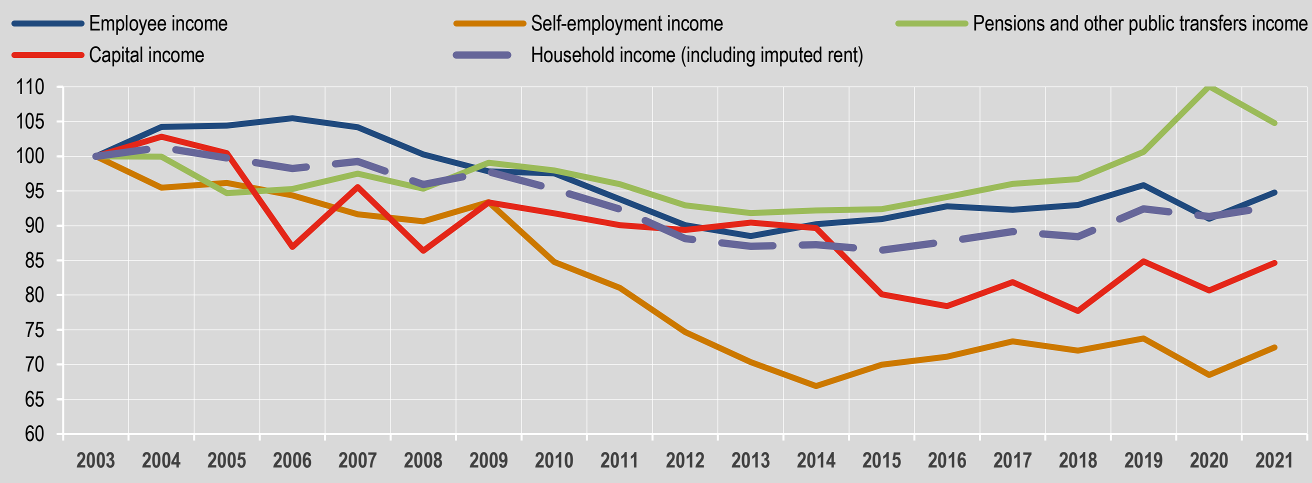
Households living in the North-East had the highest median income (31,220 euros), followed by those in the North-West, Centre and South, with income level respectively 7%, 8% and 23% smaller than that of the former group. Median income levels varied widely across household with different characteristics. Couples with children had the highest income at 41,218 euros (almost 3,435 euros per month), the vast majority of them being households with two or more income earners. Couples with at least three children, earned a median income (42,290 euros) lower than that observed for the couples with two children (43,461 euros) and only slightly higher than for households with one child (39,585 euro).

Single-parent households had a median income of 28,435 euros, and half of the elderly living alone had incomes not exceeding 15,948 euros (1,329 per month). Also couples without children reported a lower median income if the head of the household was an elder (27,569 euros vs 35,007 euros for younger couples without children). Median income of households with foreigners was lower by nearly 6,000 euros compared to that of households with all Italian members. These differences were larger moving from North to South, where median income of households with foreigners was 52% of that of households with all Italians.

In 2021 less income from public transfers linked to COVID-19 health emergency

The dynamics of real household income during 2021 showed both the impact of the economic recovery, following the gradual loosening of the health restrictions, and of the phasing-out of public income support measures adopted at the beginning of the pandemics (whose characteristics and impact are evaluated later in this report). While household income from self-employment and employee income grew respectively by 4.2% and 5.8%, only partially recovering from previous year contraction, income from public transfers decreased by 4.8%, but without going back to pre-pandemic levels and still accounting for a very large share of total household income at 35%. Capital income grew by 4.9%, thanks to the rise of imputed rents.

FIGURE 3. HOUSEHOLD NET INCOME INCLUDING IMPUTED RENT AT CONSTANT PRICES BY MAIN INCOME SOURCES. Incomes 2003-2021, mean values (Base 2003=100)



INEQUALITY

Stable gap between the richest fifth and the poorest fifth of the population

To measure inequality it is possible to sort individuals by equivalised income (from the bottom to the top), dividing them in five groups of equal size (quintiles). The first quintile contains the 20% of individuals with the lowest income, the second those with low-medium income and so on until the last quintile, including the 20% of individuals with the highest income. The ratio between total equivalised income received by the richest 20% of the population and that received by the 20% of the poorest population with the lowest income (s80/s20 ratio) provides a simple and clear measure of inequality.

Taking into account the distribution of equivalised income (excluding imputed rents), in 2021 this ratio was equal to 5.6, stable in comparison to 2020 (5.8).

The inclusion of imputed rents lowered the s80/s20 ratio to 4.8 in 2021, compared to 5.1 in 2020 and 4.9 in 2019. In 2021 income inequality was at its highest in the North-West (4.7), presenting a worsening compared to the previous year (4.5). In the South, where the richest 20% of the population obtained a total income (including imputed rents) 4.6 times that of the lowest 20%, the inequality showed a clear improvement compared to 2020 (5.5). In the Centre the s80/s20 ratio decreased to 4.2 from 4.4 in 2020. In the North-East inequality remained stable and lower than the national average (3.9 as in 2020).

Compared to 2007, in 2021 the real household incomes including imputed rents mean value declined by 6,5% and income inequality (s80/s20 ratio) increased to 4.8 from 4.5 in 2007. This dynamics was particularly clear in the Centre, where the average household income including imputed rents decreased by 12.2% and the s80/s20 ratio went to 4.2 from 3.8. In the South the average real household income including imputed rents decreased by 8.9% whereas the s80/s20 ratio improved (4.6 in 2021 compared to 4.8 in 2007). The most evident reduction in terms of inequality was recorded in the North-West (s80/s20 ratio went to 4.7 in 2021 from 4.0 in 2007) but the average real household income including imputed rents showed the smallest contraction among the four geographical areas (-2,2%). In the North-East, the average real household income including imputed rents decreased by 4.1% and inequality increased (s80/s20 ratio was 3.9 in 2021 from 3.5 in 2007) but remained far below the national value.

Gini coefficient is one of the head indicators to measure income inequality among individuals in the European context. Using an income measure that excludes imputed rents and in-kind components (a measure harmonised at the European level), in 2021 the estimated value for the Gini coefficient was 0.327, in fact unchanged respect to 2020 (0.329).

In the South of Italy the Gini coefficient was slightly lower than the national value (0.324) and clearly improved in comparison to 2020 (0.349). In the North-West the income inequality increased (0.323, it was 0.314 in 2020).The estimated value for the Gini coefficient was lower than the national one and fairly stable compared to 2020 in the Centre (0.304 compared to 0.309 in 2020) and in the North-East (0.290 compared to 0.288 in 2020).

FIGURE 4. HOUSEHOLD NET INCOME INCLUDING IMPUTED RENT AT CONSTANT PRICES AND INCOME QUINTILE SHARE RATIO INCLUDING IMPUTED RENTS (S80/S20), BY GEOGRAPHICAL AREA. Incomes 2007-2021, mean values in Euros (Base 2021=100) and income ratio

POLICY MEASURES IN RESPONSE TO THE COVID-19 CRISIS

More than halved the share of people covered by Covid-19 wage subsidies

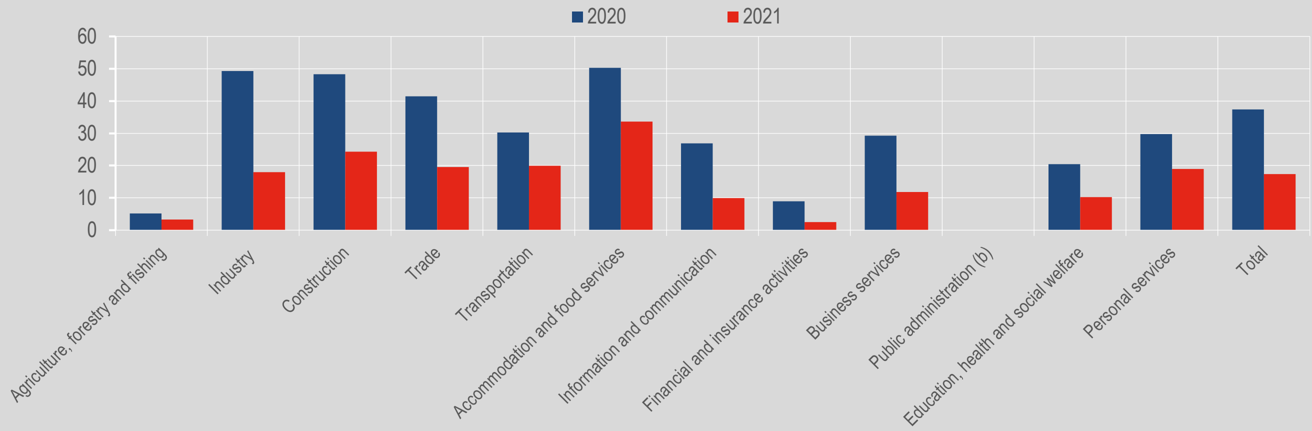
The measures introduced by the Italian government to ensure the maintenance of employment levels and to support businesses in the period of inactivity have seen, during the period of pandemic emergency (2020-2021), a fine tuning of social benefits and coverage levels of social protection adapted to the changing health and working conditions. In the second year of the pandemic, thanks to the improvement in the general level of health conditions and the economic recovery, the legislator was able to set a dead-line (30 June 2021) for the use of Covid-19 Wage Guarantee Fund - WGF (the Italian Cassa Integrazione Guadagni - CIG), thus decreeing the end of the most important emergency economic support tool. This led to a drastic drop in the number of WGF recipients for Covid-19 reason: in this two-year period it fell from 6.04 million to 2.56 million recipients (respectively equal to 97.4% and 84.9% of all wage subsidies). In relative terms, emergency wage subsidies covered, respectively, 37.4% and 17.3% of the workforce employed by the private sector in the two years.

Net social spending for Covid-19 wage subsidies reduced by more than a third

In Italy, net social spending for WGF reduced by more than a third: from the peak of 9 billion euros in net wage integration in 2020, it dropped to 5.8 billion euros in the following year. The average annual amounts of wage subsidies amounted respectively to around 1,495 euros and 1,916 euros per capita in the two years. In the first year of the pandemic, wage subsidies are more intense in the following sectors: accommodation and food services (50.3% of workers in the sector), industry (49.3%) and construction (48.3%), while they only concern marginally the sector of financial and insurance activities (8.9%) and agriculture (5.2%). In the second year of the pandemic, the accommodation and food services sector is still in the lead among those who use it most (33.6%), followed by the construction sector (24.3%), transport (19.9%) and trade (19.6%).

During the same two-year period, the recourse to WGF fell above all in the geographical areas of the North-East (-24.1%), North-West (-23.2%) and the Centre (-20.6%), to a lesser extent in the South (-12.7%). The reduction in WGF was more marked among Italian employees (-21.1%) compared to foreigners (-12.1%).

FIGURE 5. WAGE SUBSIDIES: BENEFICIARIES RATE BY ACTIVITY SECTOR.
Years 2020 and 2021, out of 100 private employees in the same sector (a)



a) Calculated on the total number of income recipients aged between 16 and 67
(b) Public administration excluded

Significantly reduced the number of recipients of the 600/1,000/2,400 euro bonus

For those whom the Wage Guarantee Fund did not cover, because not employed or with a temporary contract, a one-off benefit was provided: a “600/1000/2400 euro bonus” (i.e. non-repayable grant).

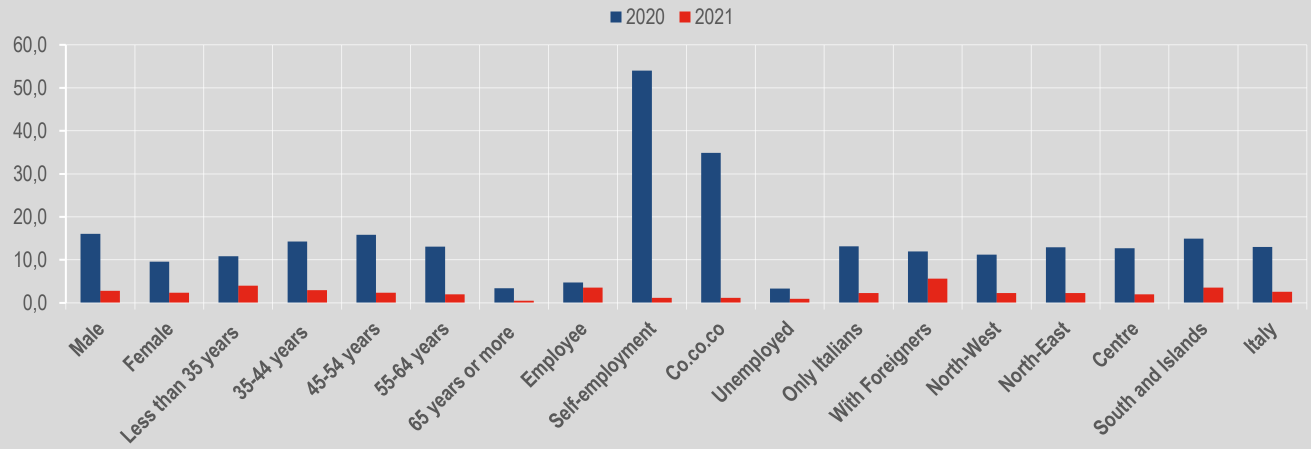
On the basis of It-Silc, it involved 4.3 million beneficiaries in 2020, corresponding to a net public transfer of 6.2 billion euro (1,450 euro per capita). In relative terms, the use of the bonus was more widespread among self-employed workers (54%) and co.co.co (34.9%) while it was much more limited among employees (4.8%). In terms of composition, this measure was the prerogative of self-employed workers (67.1%), only secondarily assigned to employees (22.1) and, to an even lesser extent, to collaborators (4.8%) and unemployed (5.8%).

During the second year of the pandemic, the same bonus was aimed at supporting 860,000 workers, for an amount of net transfers of over 1.9 billion euros (2,245 euros per capita). Since the number of beneficiaries in 2021 is much lower than in the previous year, the benefit utilization rate leveled off for each occupational type, with percentages ranging from 1.2% (self-employed and co.co. co) and 3.5% (employees). In terms of composition, the second year showed a predominance of employees with seasonal contracts in the agriculture and accommodation and food services sectors (involving 730,000 workers corresponding to 84.8% of total recipients). The role of those with a self-employed profile was decidedly more limited. At territorial level, workers from the South continue to be the major users of the bonus (with 35.5% and 41.7% respectively in the two-year period) compared to those residing in other geographical areas (with more marked differentials in the second year).

The number of beneficiaries of the baby-sitting bonus was significantly reduced: 42,000 parents in 2021

During the period of the Covid-19, the Italian Government implemented also a series of exceptional interventions for the reconciliation of working hours and family care, among which the baby-sitting bonus stands out in order of importance. The baby-sitting bonus was paid for a total maximum of 600 euros per household; it could be spent for the assistance and supervision of children during the period of closure or suspension of school services due to Covid-19 infection. According to It-Silc, 765 thousand Italian workers had access to the baby-sitting bonus during 2020, for a social expenditure of 870 million euros (1,140 euros per capita). In the following year, due to the reduction of school quarantine periods, the number of holders of the care bonus fell to almost one twentieth (42,000 working parents), with an average annual amount of around 600 euros.

FIGURE 6. NUMBER OF BENEFICIARIES OF THE 600/1000/2400 EURO LUMP SUM BY CHARACTERISTICS OF THE RECIPIENTS. Years 2020 and 2021, out of 100 income earners or unemployed



Emergency income was growing rapidly: +56% of households involved in 2021

In addition to the Covid-19 social protection measures tailored to workers and their households, the legislator implemented an extraordinary income support measure, specifically aimed at combating poverty: the emergency income (the Italian Reddito di Emergenza, Rem). The Rem was a selective, means-tested and conditional measure, designed with the aim of supporting households in unmet needs due to the Covid-19 crisis. In the two-year period 2020-2021 there was a rapid rise in this emergency measure both in relation to the collective number of households involved (+56%) and in terms of the average level of the monetary support provided (+49%). This is a decidedly counter-trend with respect to the decrease in the levels of coverage of emergency measures in favor of workers due to the economic recovery. This dynamic highlights how, despite the recovery of production activity, the pandemic has made an important segment of the Italian population more vulnerable which has not been able to relocate to the job market or which has in any case been relegated to the margins. In fact, 29.3% of subjects living in households covered by Rem showed a low work intensity status three times the national average. Furthermore, more than half of the households reached by the Rem (53.4%) belonged to the poorest fifth of the distribution of equivalent household income and in 93.7% of cases they were below the 4th quintile of the same distribution. The beneficiary households were represented by 26% by couples with minor children, by 21.9% by single parents and by 21.4% by singles of mature age (34-64 years old).

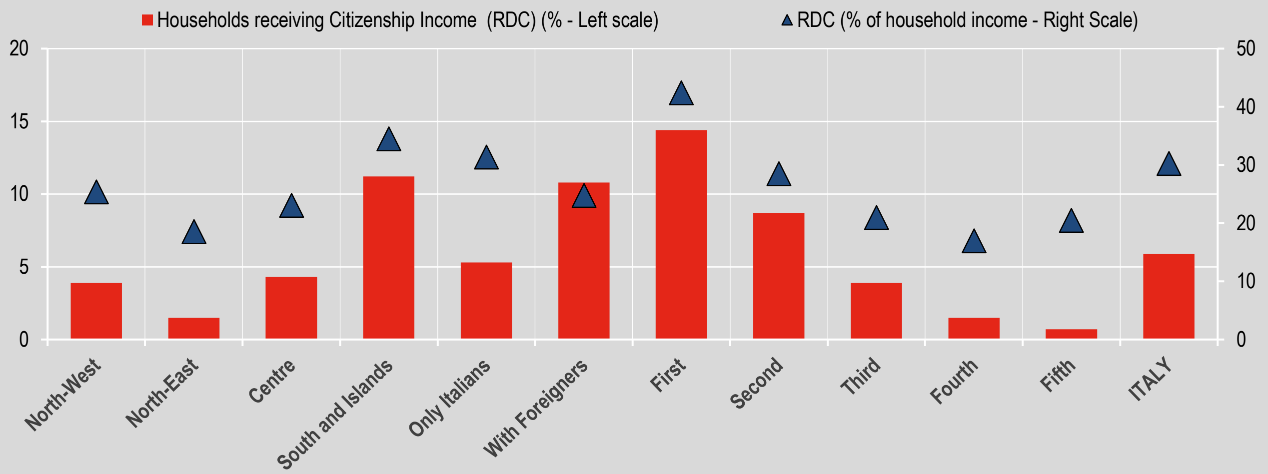
More than 1.5 million households received the citizenship income

Foreigner

During 2021, the citizenship income ("Reddito di cittadinanza" or RdC) strengthened its role as the principal structural measure to combat poverty: while in 2019 there were 970,000 RdC beneficiary households, accounting for 3.8% of the total number of Italian households, and in 2020 this share had risen to 5.3%, in 2021 it is estimated that there were about 1.5 million RdC beneficiary households, 5.9% of the total, with an annual benefit averaging €5,522. This share rises to 14.4% for households in the poorest fifth and 8.7% for those in the second poorest fifth (Figure 7). The impact of the transfer averaged about 30% of total household income (and up to 42.4% for the poorest fifth of households).

More than 11% of households living in the South received at least one monthly payment of the RdC, a much higher share than that recorded in the North-East (1.5%), the North-West (3.9%) and the Centre (4.3%). Households with 5 or more members received RdC transfers to a greater extent than smaller households: around 10% of the former, compared with between 5% and 7% for smaller households. Approximately 11% of households with at least one foreign member received the RdC, more than double the share for households formed only by Italian citizens.

FIGURE 7. HOUSEHOLDS RECEIVING CITIZENSHIP INCOME AND TRANSFERS AS A SHARE OF RECIPIENT HOUSEHOLDS INCOME. Year 2021, out of 100 households and percentage of total household income.



During 2021, 15% of households received extraordinary income support transfers linked to Covid-19 pandemics.

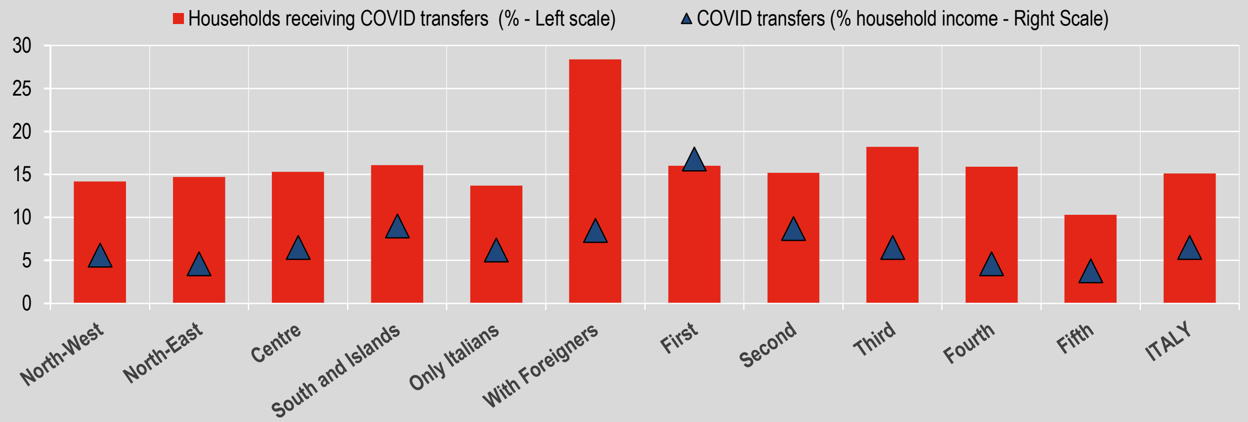
Considering all the extraordinary support measures described above, a reduction in their overall volume and a redefinition of the beneficiaries can be observed in the two-year period 2020-2021, with a still very significant impact in the second year of the pandemics.

During 2021, about 15% of households benefited from at least one of the emergency measures surveyed (Covid-19 wage subsidies, €600/1,000/2,400 bonus, non-repayable contributions granted by the Italian Fiscal Agency, baby-sitting bonus, extraordinary parental leave at 50%, emergency income), for a total of 1% of total income: during 2020, the same measures had reached more than a third of all Italian households for a sum corresponding to 2.2% of total household income.

The share of households that benefited from the support measures was higher in the South (16.1%) than in the Centre (15.3%), the North-East (14.7%) and the North-West (14.2%), among large households (more than 25% of households with four or more members, compared with about 12% of those with two and 8% of those with only one member) and among those with at least one foreign member (28% compared with about 14% of households with only Italian citizens). In contrast to what happened in 2020, a higher share (22%) of households whose main source of income was wage employment received transfers related to the health emergency, compared to households whose main source of income was self-employment (around 15%).

Among households that had access to emergency measures, the average amount of transfers during 2021 was 2,262 euros (6.5% of household income). The support was significant for households in the South, with average transfers amounting to 9% of total income, for households with foreigners and single persons (8.5% and 11%, respectively), and in general for the poorest households: households in the first income quintile received transfers amounting to about 17% of total income (8.7% for households in the second quintile, 3.8% for the richest households in the last quintile).

FIGURE 8. HOUSEHOLDS RECEIVING PANDEMIC-RELATED INCOME TRANSFERS (a) AND TRANSFERS AS A SHARE OF RECIPIENT HOUSEHOLDS INCOME. Year 2021, out of 100 households and percentage of total household income.



(a) Covid-19 wage subsidies, €600/1,000/2,400 bonus, non-repayable contributions granted by the Italian Fiscal Agency, baby-sitting bonus, extraordinary parental leave at 50%, emergency income

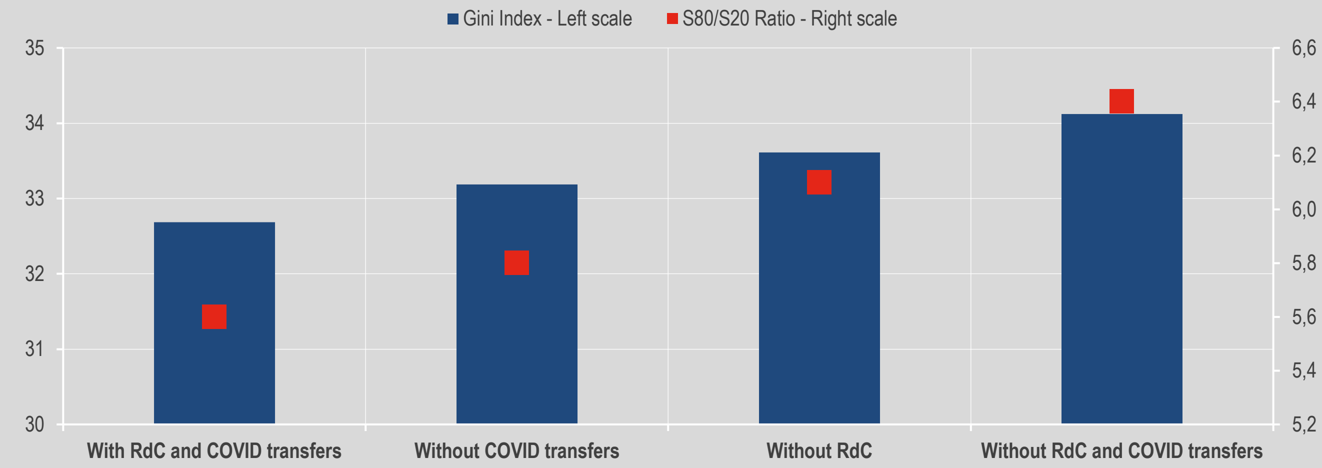
Covid-19 transfers and citizenship income supported household income growth and reduced inequality

Pandemic-related extraordinary measures together with RdC amounted to 2% of household disposable income in 2021, thus significantly supporting the recovery of household incomes after the 2020 contraction. Without these measures, household incomes would have fallen further, in particular for some groups: income losses would have been -5.7% for households living in the South, -2.3% for households with only one income earner, and generally -6% for households in the first income quintile.

To assess the impact of transfers on the main inequality indicators it is possible to evaluate the distribution of equivalent incomes net of emergency transfers, the RdC or both measures. In this way it can be observed how large the contribution of support measures to the containment of inequality was in 2021: without all emergency transfers the ratio s80/s20 would have been 5.8, without the RdC 6.1, excluding both 6.4, a significantly higher level than the observed value of 5.6.

The observed Gini index in 2021, 0.327, would have risen to 0.332 without emergency transfers and to 0.336 without the RdC, while income concentration index would have risen to 0.341 excluding both income support transfers.

FIGURE 9. GINI COEFFICENT AND INCOME INEQUALITY(S80/S20 RATIO) WITH AND WITHOUT INCOME SUPPORT MEASURES FOR HEALTH EMERGENCY AND CITIZENSHIP INCOME (RDC). Year 2021.



Glossary

At risk of poverty or social exclusion rate (AROPE) - Europe 2030: percentage of people who meet at least one of the following three conditions:

1) Live in households at risk of poverty;

2) Live in households in conditions of severe material and social deprivation (Europe 2030 indicator);

3) Live in households with low work intensity (Europe 2030 indicator).

To respond to the new needs of the Europe 2030 Strategy, starting from the 2022 survey, the new indicator "Risk of poverty or social exclusion - Europe 2030" will be disseminated to replace the old indicator "Risk of poverty or social exclusion". The two indicators are not comparable with each other.

At-risk-of-poverty rate (Europe 2030): Percentage of people living in households with a net equivalent income below an at-risk-of-poverty threshold, set at 60% of the median of the individual distribution of net equivalent income. The net income considered for this indicator complies with the European definition and does not include figurative and in-kind components, such as the imputed rent, meal vouchers, other non-monetary fringe benefits (with the exception of the company car) and own -consumption. The income reference year is the calendar year preceding the survey year. In 2022, the poverty threshold (calculated on 2021 incomes) is equal to 11,155 euros per year (930 euros per month) for a household of one adult member. The modified OECD scale is used to determine the poverty thresholds of households of different sizes and compositions.

Baby-sitting bonus: monetary bonus for working parents with minors under the age of 12, or minors over this age limit in the presence of disabilities; the bonus must be used to pay childcare staff. The sum initially envisaged by art. 25 of Legislative Decree 18/20 was 600 euros, then doubled by art. 73 of Legislative Decree 34/20.

Bonus 600/1,000/2,400 euros: one-off income support measures for the protection of self-employed and atypical workers, seasonal and intermittent employees, who have ceased, reduced or suspended their activity or their employment relationship. These one-off measures are variously referred to as income of last choice, Covid-19 allowance for seasonal workers operating in sectors other than tourism and spas and for intermittent workers (DL 18/20). The requirements for access to the measure are the enrollment in specific social security funds within INPS and, sometimes, contractual requirements and/or belonging to ATECO production categories. In 2020, the indemnity was paid in two or more payments of different amounts (600-1000 euros) intended for: professionals and workers with a coordinated and continuous collaboration relationship enrolled in the separate social security fund, self-employed workers enrolled in the INPS special social security fund, seasonal tourism and spa establishments, workers in the agricultural sector, intermittent and others (seafarers, home sellers, etc.), workers in the entertainment sector. In 2021, Legislative Decree 41/2021 (art. 10) provided for an allowance of 2,400 euros for atypical workers enrolled in the for seasonal workers in tourism, spas, entertainment and sports, seasonal employees and some temporary workers belonging to sectors other than those of tourism and spas and some figures of intermittent workers, in charge of home sales, self-employed workers without a VAT number, enrolled in the separate social security fund.

Capital income: it is defined as the income received less expenses occurring during the income reference period by the owner of a financial asset or a tangible non-produced asset (land) in return for providing funds to, or putting the tangible non-produced asset at the disposal of, another institutional unit. It includes interests (from assets such as bank accounts, certificates of deposit, bonds, etc.), dividends, profits from capital investment in an unincorporated business, income from rental of a property or land, pensions received from individual private plans, with or without imputed rent.

Citizenship Income (RdC) and Citizenship Pension (PdC): introduced with Legislative Decree no. 4 of 2019, converted into Law no. 26 of 2019 and disbursed since April 2019. RdC is an economic support aimed at reintegration into the labour market and social inclusion. PdC is the denomination that the Citizenship Income assumes if all members of the family unit are aged 67 or over, or if the household unit also includes people under the age of 67 in a condition of serious disability or non-self-sufficiency.

Employee income: it is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the income reference period. It includes also the market value of the company car provided for private use as well, luncheon vouchers and other non-cash fringe-benefits.

Emergency Income - Rem: measure to combat poverty disbursed during the crisis and reserved for Italian households and those with non-Italian citizenship with an ISEE below 15,000 euros, who did not receive the basic income or an income from work higher than the Rem payment. The amount is established by increasing the amount of 400 euros reserved for individuals on the basis of household members, through an equivalence coefficient, up to a maximum of 800 euros. The first payment for 2020 was established by art. 82 of DL 34/20, the subsequent disbursement was automatically distributed after DL 104/20. The possibility of requesting the last two payments of the year 2020 was provided for by Legislative Decree 137/20.

Equivalised income: it is the total household income, divided by the number of household members transformed into equivalised adults; household members are equivalised or made equivalent by weighting each member according to their age, using the so-called modified OECD equivalence scale. This scale gives the following weight to household members: 1.0 to the first adult; 0.5 to the second and each subsequent person aged 14 and over; 0.3 to each child aged under 14. All household members are given the same individual equivalised income.

Europe 2030 Strategy: is the set of European Union policy measures to achieve the 17 sustainable development goals included in the 2030 Agenda, approved by the United Nations in September 2015, and defined as follows: 1. Overcoming poverty; 2. Defeat hunger; 3. Health and well-being; 4. Quality education; 5. Gender equality; 6. Clean water and sanitation; 7. Clean and affordable energy; 8. Decent work and economic growth; 9. Enterprises, innovation and infrastructures; 10. Reduce inequalities; 11. Sustainable cities and communities; 12. Responsible consumption and production; 13. Fight against climate change; 14. Life Under Water; 15 Life on earth; 16. Peace, justice and strong institutions; 17. Partnership for Goals.

Extraordinary parental leave at 50%: this is a measure aimed at allowing minors to be looked after during the period of suspension of educational/teaching services, partially overlapping with the baby-sitting bonus. Working parents who had submitted one or more baby-sitting bonus applications in 2020 for an amount equal to or less than 600 euros could take advantage of the Covid-19 leave at the same time, but for a maximum of 15 days (instead of the standard 30).

Gini coefficient: it is an index to measure the level of income inequality and it varies between 0 and 1. The extreme value of 0 expresses perfect income equality where everyone has the same income, while the extreme value of 1 expresses full inequality where only one person has all the income. In this note, the Gini coefficient is applied to the individual distribution of the equivalised household net income, excluding imputed rent, non-cash employee income (other than company car), income from household production of goods for own consumption.

Household net income: it includes for all the household members the employee income (including fringe benefits, such as the private use of company car, luncheon vouchers, health care reimbursements, school or nursery care, holiday bonuses, goods produced by the company, etc.), the income from self-employment, the financial and real capital income, the pensions and other public and private transfers received, the monetary value of goods produced for own consumption minus cash transfers to other households. These incomes are net of taxes on income, taxes on wealth and social insurance contributions for employee and self-employed workers. It represents a more extensive definition of household net income used at European level. The household net income reported in this note is not comparable with the Family sector disposable income of the National Accounts (obtained by adding to primary incomes the secondary redistribution of income and also including an estimate of the "non-observed" economy).

Household net income without figurative and in-kind components: It represents the definition of household net income used at European level. Compared to the household net income, it does not include figurative components such as imputed rent and in-kind components such as the monetary value of goods produced for own consumption and the fringe benefits (luncheon vouchers, health care reimbursements, school or nursery care, holiday bonuses, goods produced by the company, etc.) other than the company car (i.e. the private use of company car is included in this income definition). In this note, this income definition is used for the at-risk of poverty rate and for the Gini coefficient.

Imputed rent: it is a non-monetary income component pertaining households living in their main accommodation as owner-occupiers, renters-free or renters at lower price (compared to the market-price rent). It represents the cost (or the additional cost) that shall be paid for a similar dwelling as the one occupied if rented it at a market-price. Costs for heating, water, electricity, etc. are excluded.

Income at constant prices: it is calculated by deflating the income at current values using the annual average value of the Harmonised Index of consumer prices for the European Union countries (HICP).This index is preferable compared to the Consumer price Index for the whole nation (NIC), since it refers to monetary expenditures for final consumption exclusively by households and ensures a comparable European inflation measure.

Income quintile share ratio (S80/S20): it 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). All incomes are compiled as equivalised incomes.

Low work intensity – Europe 2030: People from 0-64 years living in households where the adults (those aged 18-64, but excluding students aged 18-24 and people who are retired according to their self-defined current economic status or who receive any pension (except survivors pension), as well as people in the age bracket 60-64 who are inactive and living in a household where the main income is pensions) worked a working time equal or less than 20% of their total combined work-time potential during the previous year (i.e the income reference year).

To respond to the new needs of the Europe 2030 Strategy, starting from the 2022 survey, the new indicator "Risk of poverty or social exclusion - Europe 2030" will be disseminated to replace the old indicator "Risk of poverty or social exclusion". The two indicators are not comparable with each other.

Median household income: is the value of household income that divides the frequency distribution into two equal parts (50% of households have a household income level lower than or equal to the median, 50% a higher level). Since household income has an asymmetric distribution and is more concentrated in the lower values of the scale, the median value is always below the mean value.

Other income components: they include capital incomes, regular inter-household cash transfers received or paid, incomes received by people aged under 16, incomes from household production of goods for own consumption and every other incomes not deriving from work or social transfers.

Pensions and other public transfers: Pensions are periodic cash payments aimed to maintain the income of the beneficiary and to provide protection against risks linked to old age, loss of income, inadequate income, lack of independence in carrying out daily tasks, reduced participation in social life, and so on. They include i) old-age benefits that provide a replacement income when the person retires from the labour market or reaches a given age or years of contribution; ii) disability benefits to support the income in case of a disability which impairs the beneficiary's ability to work beyond a minimum level, when the beneficiary is below the standard retirement age; iii) survivors' benefits that provide a temporary or permanent income to people below the retirement age who have suffered from the loss of another related household member (for example their spouse). Other public transfers include full and partial unemployment benefits ("Aspi". "Naspi". "Cassa integrazione guadagni"), mobility and resettlement benefits; severance and termination payments; education related allowances; household and children related allowances; income support schemes for household and individuals at risk of social exclusion (minimum income, Social card).

Self-employment income: it is the income received by individuals, for themselves or in respect of their household members, as a result of their current or former involvement in self-employment jobs. Self-employment jobs are those jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods and services produced (where own consumption is considered to be part of profits). It includes incomes deriving from employer-coordinated freelance work ("collaborazioni coordinate e continuative – co.co.co" or "collaborazioni coordinate a progetto – co.co.pro."), royalties earned on writing inventions and income derived from the so-called vouchers for occasional work (unless otherwise specified).

Severe material and social deprivation rate - Europe 2030: share of the population experiencing an enforced lack of at least 7 out of 13 deprivation items (6 related to the individual and 7 related to the household). These deprivations are the inability for a household to: 1) Face unexpected expenses; 2) Afford paying for one week annual holiday away from home; 3) Avoid arrears (on mortgage or rental payments, utility bills, hire purchase instalments or other loan payments); 4) Afford a meal with meat, chicken, fish or vegetarian equivalent every second day; 5) Ability to keep home adequately warm; 6) Have access to a car/van for personal use; 7)- Replace worn-out furniture; 8) Have internet connection; 9) Replace worn-out clothes by some new ones; 10) Have two pairs of properly fitting shoes (including a pair of all-weather shoes); 11) Spend a small amount of money each week on him/herself; 12) Have regular leisure activities; 13) Get together with friends/family for a drink/meal at least once a month.

To respond to the new needs of the Europe 2030 Strategy, starting from the 2022 survey, the new indicator "Risk of poverty or social exclusion - Europe 2030" will be disseminated to replace the old indicator "Risk of poverty or social exclusion". The two indicators are not comparable with each other.

Wage Guarantee Fund (Cig): it is a benefit aimed at replacing or supplementing the salary and is intended for workers who are suspended from work or who work on reduced hours due to production difficulties in the company. Workers, clerks and managers can take advantage of the wage subsidy, while managers and home workers are excluded. See the wage subsidies item for further details.

Wage subsidies: these are the set of institutions to guarantee income from employment, the origin of which is the legislative decree of 12 August 1947 n.869. These institutes share the aim of the economic protection of employees in the event of suspension or reduction of the company's activity, determined by transient events and not attributable to the will of the entrepreneur or the workers, or to temporary market situations. They form part of the broader category of social shock absorbers existing in the Italian economic system, taking the form of wage integration to protect situations of partial unemployment, i.e. in a constant employment relationship. Among these institutes there are: the ordinary Wage Guarantee Fund (CIGO), originally foreseen for workers in the industrial and construction sectors, includes a vast field of application of different activities and specifically dedicated to workers hired with subordinate employment contracts (including apprentices and excluding executives); the extraordinary Wage Guarantee Fund extended (CIGS) to cases of reductions or suspensions of personnel caused by crises, restructuring, reorganization and company reconversions or in cases of insolvency proceedings; the Wage Guarantee in derogation (CIGD) aimed at protecting workers of companies not covered by the previous ordinary and extraordinary institutions, the ordinary and special checks of the solidarity funds (AOA and ASA) extended to small-sized sectors.

During the epidemic emergency, their application was simplified and extended by the provisions issued starting from art. 19 of Legislative Decree 18/20 beyond any time limit and resources previously in force. This disbursement method was commonly referred to as the Covid-19 Fund.

Methodological Note

Objective and reference framework

The EU-SILC (European Union Statistics on Income and Living Conditions. Regulation of the European Parliament. no. 1177/2003 and from 2021 (EU) 2019/1700) is one of the main sources of data for periodic reports on the social situation of the European Union and the spread of the risk of poverty in member countries. EU-SILC is a multi-purpose instrument which focuses mainly on income and social exclusion, with a particular attention on aspects of material and social deprivation. In Italy the EU-SILC data are collected yearly since 2004.

Reference population and survey units

The reference population is made up of all the households residing in Italy at the time of the interview and their members. Persons living in institutions are excluded.

A household is a group of people who habitually live in the same dwelling and are linked by marriage, kinship, affinity, adoption, patronage and affection who share income and/or expenses and who usually reside in the same municipality. All household members are surveyed but only people aged 16 or over are interviewed.

Process and methodologies

The survey is conducted through household and personal interviews.

Since 2011, interviews have been carried out by a private company according to a CAPI (Computer Assisted Personal Interview) technique instead of the PAPI (Paper and Pencil Interview) previously used. Since 2015 a share of the interviews is carried out by CATI (Computer Assisted Telephone Interview) technique.

The sample design is based on a two-stages scheme (municipalities and households), where the primary sample units – municipalities – are stratified by population size within each region. Rotational panel scheme is used for households; starting from the 2021 edition, the sample relating to each survey is made up of six rotational groups, each of which remains in the sample for six consecutive years. Every year one sixth of the cross-sectional sample is represented by households and individuals randomly drawn from the registry lists of the municipalities selected for the survey; the remaining five-sixths refer to households and individuals extracted in previous years who are re-interviewed. The total sample is statistically representative of the resident population in Italy and is composed, in 2022, of 22,318 households (for a total of 44,678 individuals), distributed in about 800 Italian municipalities of different demographic size; the survey was conducted from April to September 2022.

Data collection is carried out through an electronic questionnaire, structured in three parts:

a) General form to collect demographic information related to each household member (sex, date and place of birth, citizenship etc.) and some information for each household member aged less than 16 years (type of school attended, formal and informal childcare etc.);

b) Household questionnaire to collect information about housing conditions, housing expenses, economic situation, material deprivation, household income components;

c) Personal questionnaire for each household member aged at least 16 years to collect information on education, health, current or previous labour, income by detailed components (employee, self-employment, pensions and other social transfers, financial and real capital, private transfers).

Income data collected by interviews are integrated with administrative register data. A micro-simulation model allows to obtain further gross income values. The integrated use of data from administrative sources and the micro-simulation model let estimate taxes and social contributions paid by individuals that, added to the net income, constitute gross income.

The estimates produced on the economic support measures for 2020 and 2021 are mainly based on administrative data from INPS and from tax sources, while the use of data from the survey questionnaire is limited to the estimate of non-refundable support by the Revenue Agency.

It should be emphasized that the estimates relating to wage subsidies include both services provided directly by INPS (CIGO, CIGS, CIGD, CISOA, solidarity aid with the exception of those managed by the State), and advance payments from employers and adjustment with the contributions to be paid to the same institution. The values of the services are calculated net of the tax, and in the case of wage subsidies also net of the figurative social security contributions and the 5.84% quota. Therefore, the estimates may differ from the data of INPS or other Institutes and from other surveys and publications, due to the sample nature of the survey, due to the fact that the European survey adopts the cash criterion instead of the accrual method and lastly because they are expressed net of taxation.

References

The survey estimates can also be consulted in the I.Stat data warehouse at http://dati.istat.it/ (Theme: "Household Economic conditions and inequalities", topics "Income", "Poverty", "Housing conditions ").

In compliance with the European Regulation n. 1177/2003 and (EU) 2019/1700, the survey data are transmitted annually to Eurostat. The main indicators, stored in the Eurostat database, can be consulted at the link: http://ec.europa.eu/eurostat/data/database (Theme "Population and social conditions", topic "Income and living conditions").

Summary data on household income and economic conditions are also published in the volume Noi Italia, in the Italian statistical yearbook and in the Bes Report: equitable and sustainable well-being in Italy.

For further information it is possible to access the Istat website at: http://www.istat.it/it/archivio/5663

Confidence intervals

When a sample rather than the entire population is observed, the computed estimates are affected by sampling error. That error can be measured as standard error or relative error, i.e. the standard error divided by the mean estimate or the coefficient of variation (CV).

Based on these values, confidence intervals, including the real unknown value of the parameter to be estimated with a pre-fixed probability level, can be derived. The confidence interval is obtained adding and subtracting from the point estimate the standard error multiplied by a coefficient dependent on the confidence level chosen. Using the common confidence level of 0.95 (α=0.05), the coefficient is 1.96.

In the following table are reported relative errors (CV), standard errors and confidence intervals of the estimates of the main indicators published in this note.

RELATIVE ERRORS, STANDARD ERRORS AND CONFIDENCE INTERVALS OF THE MAIN INDICATORS ESTIMATES. Year 2022

	2022				
				Confidence interval (probability level=0.95)	
	Estimate	Standard Error	Relative Error (CV %)	Lower bound	Upper bound
Population at risk of poverty or social exclusion – Europe 2030 (out of 100 individuals)	24,4	0,6	2,4	23,3	25,5
At risk of poverty rate (out of 100 individuals)	20,1	0,5	2,7	19,0	21,2
Severe material and social deprivation – Europe 2030 (out of 100 individuals)	4,5	0,3	6,3	3,9	5,0
Low work intensity – Europe 2030 (out of 100 individuals)	9,8	0,4	3,9	9,0	10,5
Net household income (year 2021, average in euros)					
Excluding imputed rents	33.798	302,3	0,9	33.206	34.391
Including imputed rents	39.144	312,2	0,8	38.532	39.756
S80/S20	5,6	0,1	2,2	5,4	5,9
Gini coefficient	32,7	0,8	2,6	31,0	34,3

Some indicators computation method

The **imputed rent** is estimated by means of an econometric model relating the dwelling characteristics and the market price rent paid by renters, on the market renters subset, through a two stage Heckman procedure, the following model has been estimated:

$$lny_i = \beta_0 + \beta_{1k}X_{ki} + \beta_2 T_i + \beta_3 \lambda_i + u_i$$

where $\mathbf{y_i}$ is the paid rent, $\mathbf{X_{ki}}$ is a vector of the dwelling characteristics (type of dwelling, dwelling size, presence of terrace, balcony, garden, lack of enough light) and characteristics of the area where the dwelling is located, $\mathbf{T_i}$ is the tenure seniority, $\boldsymbol{\lambda_i}$ is the inverse Mill's ratio to correct the sample selection bias (rent is observed only among those paying a market price rent and they could differ in a systematic and not-observable way from the remaining sample) and $\mathbf{u_i}$ is the error term,

In details $\boldsymbol{\lambda_i}$ is obtained through a probit model with renter status as dependent variable and households characteristics as independent variables (number of household members, number of income recipients, equivalised income quintiles and some socio-economic characteristics of the reference person),

The estimated parameters $\boldsymbol{\beta_i}$, are used to compute the imputed rent for no-renters households, Seniority is included between regressors, but its effect is depurated (setting the parameter from regression equal to 0) in estimating predicted values for sub-populations other than tenants at a market rate, From that value, interests paid on mortgage, if any, are deducted,

The Gini coefficient can be computed through the following formula:

$$\frac{\sum_{i=1}^{n-1}(P_i - Q_i)}{\sum_{i=1}^{n-1} P_i}$$

where Q_i are the cumulate income shares and P_i are the cumulate shares in case of equi-distribution.

Regulatory references

The survey "Household income and living conditions" is foreseen by the National Statistical Program which collects all the statistical surveys necessary for the country. It is carried out in compliance with the conceptual and methodological definitions expressed by the Regulation of the European Parliament and Council, n. 1177/2003 and (EU) 2019/1700 concerning statistics on income and living conditions (Eu-Silc).

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