statistiche report

Istat Istituto Nazionale di Statistica

LIVING CONDITIONS AND HOUSEHOLD INCOME | YEAR 2023

Real incomes are reduced due to inflation

In 2023, 22.8% of the population is **at risk of poverty or social exclusion**: a decreasing value compared to 2022 (24.4%) due to a reduction in the share of the population **at risk of poverty**, which stands at 18.9% (from 20.1% of the previous year), and a slight increase in the population in conditions of severe material and social deprivation (4.7% compared to 4.5%).

In 2022, the average household income (35,995 euros) increases in nominal terms (+6.5%), while it marks a clear decline in real terms (-2.1%), taking into account the strong acceleration of inflation recorded in year.

In 2022, the total income of the wealthiest families is 5.3 times that of the poorest families (it was 5.6 in 2021).

-1,6%

The reduction in median income at constant prices in 2022

The median household income at constant prices it is 25,276 euros (2,106 euros per month)

-4,2%

The contraction of real income in the North-West (-1.1% reduction in the North-East and -1.2% in the South)

7,8 mln

Recipients of family allowances

With an average amount during 2022 of 1,930 euros

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LIVING CONDITIONS

The population in conditions of low work intensity is decreasing

In 2023, 18.9% of people resident in Italy are at risk of poverty (approximately 11 million 121 thousand individuals) having had, in the year preceding the survey, an equivalent net income, without figurative components and in kind, lower to 60% of the median one (11,891 euros). The household income support measures contributed to the reduction in the incidence of people at risk of poverty compared to the previous year (20.1%), such as the single universal allowance for children, the one-off bonuses to combat the increase in energy costs and also changes in taxation rules.

4.7% of the population (approximately 2 million 788 thousand individuals) is in conditions of severe material and social deprivation, that is, they present at least seven signs of deprivation out of the 13 identified by the new Europe 2030 indicator. Compared to 2022, there is an increase in conditions of severe deprivation (the share was 4.5%) in particular in the Centre and South and in the Islands.

The increase in employment in 2022 led to a sharp contraction, compared to the previous year, in the share of individuals (8.9% from 9.8%) living in families with low work intensity (Europe 2030 indicator), i.e. with members aged between 18 and 64 who worked less than a fifth of the time. The improvement concerns all areas, in particular the North-West (4% of individuals compared to 5.2 the previous year) and the Centre (7.7% compared to 8.8%).

The population at risk of poverty or social exclusion (composite indicator Europe 2030), i.e. the share of individuals who are in at least one of the previous conditions (referring to income, deprivation and work intensity), is equal to 22.8% (approximately 13 million 391 thousand people), a reduction compared to 2022 (24.4%). This trend summarizes the reduction in the population at risk of poverty (-6% compared to 2022), due to the growth in nominal incomes, and above all the decrease in the population in conditions of low work intensity (-9.2%), with however an increase in the share of the population in conditions of severe material and social deprivation (+4.4%).

In 2023, the reduction in the population at risk of poverty or social exclusion is particularly marked in the North, while the North-East is confirmed as the geographical area with the lowest incidence of risk of poverty (11%). The share of the population in this condition is stable in the Centre (19.6%) and is reduced in the South, where there is the highest percentage of individuals at risk (39% compared to 40.6% in 2022). In this last macroarea, the composite indicator reveals a reduction in the share of individuals at risk of poverty (32.9% compared to 33.7% in 2022) and the positive signal of the reduction in the share of individuals living in work intensity households (16.5% compared to 17.1%), while severe material and social deprivation increases (+5.5%).

At a regional level, a reduction in the risk of poverty or social exclusion is observed in particular in Piemonte, Liguria, Emilia Romagna, and Campania, due to the decrease in all three indicators (risk of poverty, severe deprivation and low work intensity). Furthermore, the risk of poverty or social exclusion decreases in Lombardia with a marked reduction of individuals in families with low work intensity but with an increase in severe material and social deprivation. In Calabria, however, the three indicators worsen and, above all, severe material and social deprivation increases.

INCOME AND LIVING CONDITIONS: THE KEY NUMBERS

Years 2022 and 2023, average in euro, indicator per 100 individuals, percentage values

INDICATOR	Survey 2022					Survey 2023				
	North-West	North-Est	Centre	South and Islands	Italy	North-West	North-Est	Centre	South and Islands	Italy
Household net income (excluding imputed rent) (*)	37.647	38.340	34.555	27.114	33.798	39.240	41.224	37.259	29.137	35.995
Risk of poverty or social exclusion – Europe 2030	16,1	12,6	19,6	40,6	24,4	13,5	11,0	19,6	39,0	22,8
Risk of poverty (*)	13,2	10,4	15,9	33,7	20,1	11,1	8,7	16,0	32,9	18,9
Recipients of family allowances (*) (a)	9,5	13,0	11,4	13,7	12,0	14,1	15,4	15,1	17,6	15,7
Families receiving Citizenship Income (*)	3,9	1,5	4,3	11,2	5,9	3,8	1,6	4,2	12,8	6,3

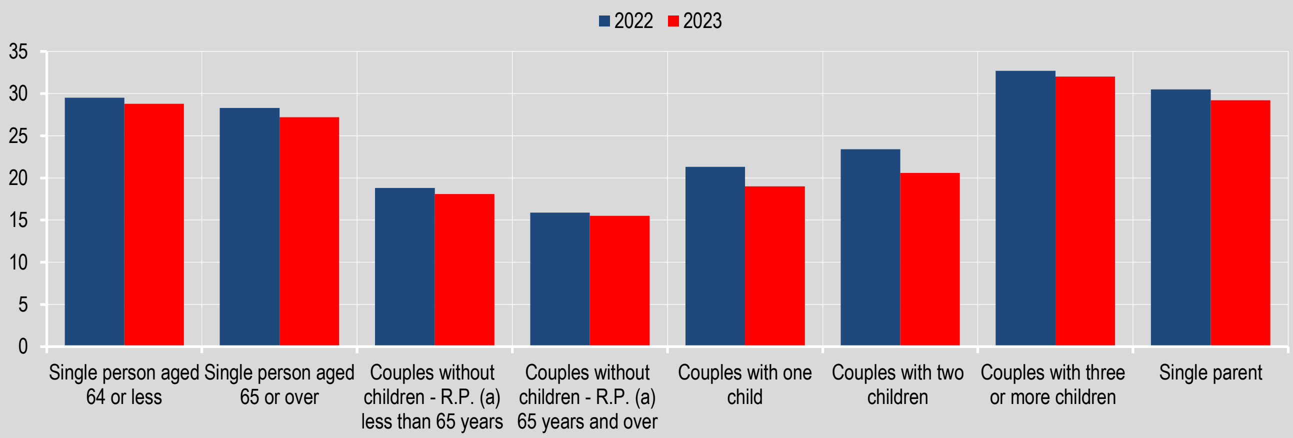
(*) The reference period is the calendar year preceding the survey year.
(a) In 2022 it includes the Family Nucleus Allowance and in 2023 the Single Universal Allowance for dependent children and the Family Nucleus Allowance.

In 2023, the incidence of the risk of poverty or social exclusion is reduced for all household types and in particular for individuals living in families with four members (21.8% compared to 24.8% in 2022) and for couples with two children (20.6% compared to 23.4% in 2022) and with one child (19% compared to 21.3%), who benefited from the new Universal Allowance for children. However, for large families, the number of individuals in conditions of low work intensity increases, in particular it increases if there are five or more members (6.6% compared to 5.1% the previous year) and in the case of couples with three or more children (6% compared to 3.5% the previous year), probably due to difficulties in reconciling life and work activities.

Furthermore, the risk of poverty or social exclusion remains high for those who can mainly rely on income from pensions and/or public transfers (31.6%) although decreasing compared to 2022 (34.2%), on the contrary it decreases for those who live in families where the main source of income is employment (15.8% compared to 17.2% in 2022). The risk of poverty or social exclusion worsens for those whose main source is income from self-employment (22.3% compared to 19.9% in 2022), most likely due to the widening of the gap between income levels of this type of recipients, with income growth in the upper tail of the distribution.

Finally, the risk of poverty or social exclusion is reduced for individuals in households with only Italians and increases slightly for members of households with at least one foreign citizen (40.1% compared to 39.6% in 2022).

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



(a) r p: reference person

HOUSEHOLD INCOME

Real household income decreased because of inflation

In 2022, average household net income (excluding imputed rents) was 35,995 euros, about 3,000 euros per month. Household income grew at current prices (+6.5%), as the economic and employment recovery following the pandemic crisis continued, but not enough to keep up with the sharp increase in inflation (the annual increase in the harmonized index of consumer prices (HICP) was 8.7% in 2022) so that household income decreased at constant prices (-2.1%).

Equivalised income, accounting for scale economies within the household and allowing for income comparisons between households of different size and composition, also decreased in real terms (-2%). It should be noted that the income concept to which we refer does include some components that are not considered in the harmonized definition of household income 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.

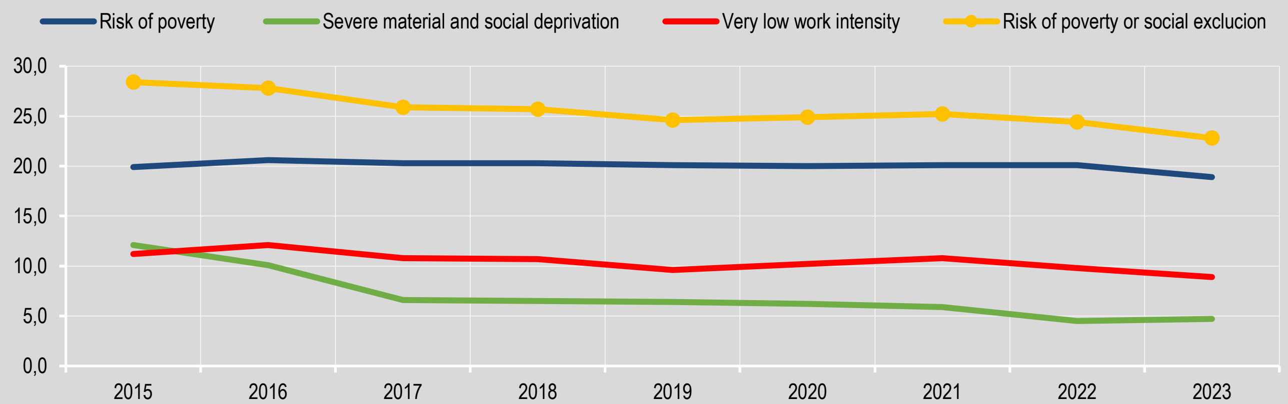
Compared to the previous year, in 2022 average household income at constant prices decreased the most in the North-West (-4.2%), while the loss was smaller in the North-East (-1.1%), in the Centre (-0.9%) and in the South (-1.2%).

The overall reduction of household incomes with respect to their 2007 level, the year before the first signs of the crisis, was still large with an average real loss of -7.2%. Looking at geographical areas, total reduction in household income amounted to -10.8% in the Centre, -10.2% in the South, -5.1% in the North-West and -2.8% in the North-East. In particular, average total real income losses were particularly large for households whose main income source is self-employment (-13.7%) or employee income (-10.6%), whereas households whose main source of income are pensions and other public transfers had a 6.3% 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 total household income.

In 2022, household income including imputed rents is estimated on average to be 41,004 euros. Considering the changes in real terms, the reduction compared to the previous year is 3.7%, and is instead equal to 3.6% when this same indicator is made equivalent.

FIGURE 2. POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION - EUROPE 2030 (a). Years 2015-2023, out of 100 persons



(a) The risk of poverty is calculated on the income of the year preceding the survey and the low work intensity is calculated on the total number of months worked by family 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 2022 half of households in Italy had an income not higher than 28,865 euros (2,405 euros per month), 7% higher at current prices compared to 2021 (26,979 euros, or 2,248 euros per month).

Households living in the North-East had the highest median income (33,568 euros), followed by those in the North-West, Centre and South, with income level respectively 6%, 9% and 28% smaller than that of the former group. Median income levels varied widely across households with different characteristics. Couples with children had the highest median income at 45,019 euros (3,751 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 lower (44,487 euros) than that observed for the couples with two children (47,501 euros) and only slightly higher than for households with one child (43,555 euro).

Single-parent households had a median income of 30,536 euros, and half of the elderly living alone had incomes not exceeding 16,879 euros (1,406 € per month). In addition, couples without children reported a lower median income if the head of the household was an elder (30,221 euros vs 37,798 euros for younger couples without children). Median income of households with foreigners was lower by nearly 6,400 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 60% of that of households with all Italians.

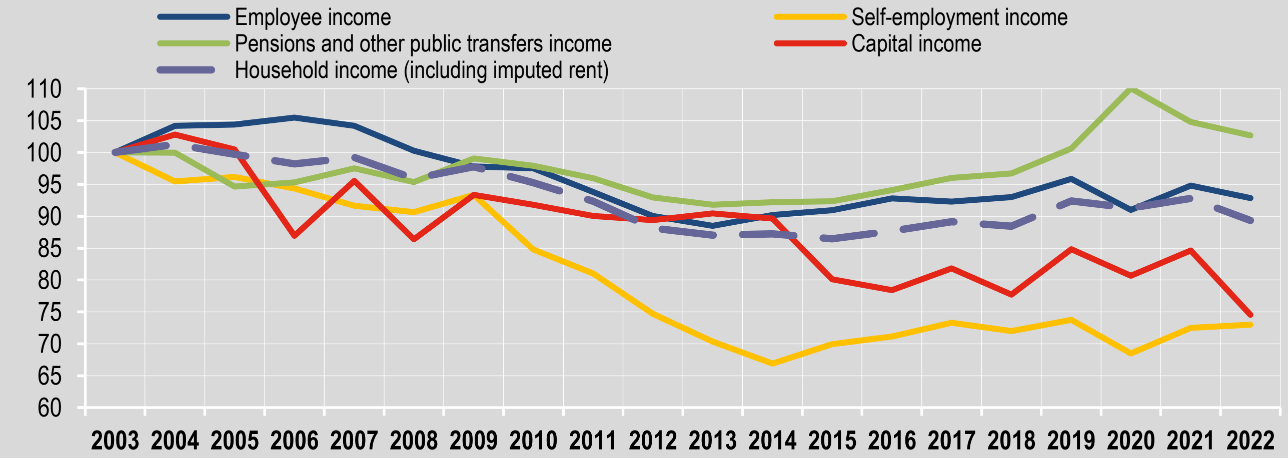
Only self-employment income rose in real terms

The dynamic of real household income during 2022 showed the impact of the sharp inflationary acceleration, not offset by the otherwise significant nominal income growth associated with the recovery in economic activity and the household support measures introduced during the year.

Only household income from self-employment grew in real terms (+0.7%), while employee income and income from public transfers both fell by 2%, notwithstanding the introduction of new family allowances and of an ad-hoc subsidy designed to relieve households from rising commodity prices whose characteristics and impact will be analyzed in the next section.

Total loss with respect to 2007 remained significantly larger for household income from self-employment (-20.3% in real terms) than for employee income (-10.9%), while capital income fell by 22%, largely because of the negative dynamics of imputed rents (-25.6% in real terms). Only household incomes from pensions and public transfers grew in real terms over the whole period, showing a 5.3% increase with respect to their 2007 level.

FIGURE 3. HOUSEHOLD NET INCOME INCLUDING IMPUTED RENTS AT CONSTANT PRICES BY MAIN INCOME SOURCES. Incomes 2003-2022, mean values (Base 2003=100)



INEQUALITY

Inequality falls below pre-pandemic value

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 2022 this ratio is equal to 5.3, slightly improved in comparison to 2021 (5.6) and below the pre-pandemic value of 2019 (5.7). Essentially the s80/s20 ratio goes back to 2007 level when it was 5.2.

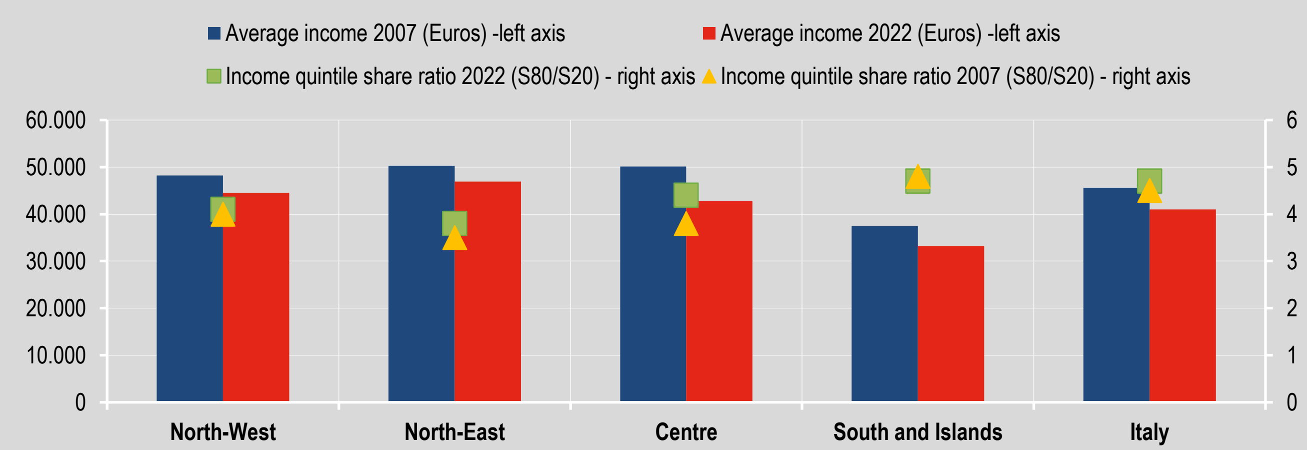
The inclusion of imputed rents lower the s80/s20 ratio to 4.7 in 2022, stable if compared to 4.8 in 2021. In 2022, in the South and Islands the indicator is equal to the national value (the richest 20% of the population has an income of 4.7 times that of the poorest) and substantially stable compared to 2021 (4.6). The level of inequality is lower than the national average in the North-West (4.1), where there is also a sharp improvement compared to 2021 (when it was 4.7), and in the Centre (4.4). In the North-East the s80/s20 ratio remains stable and lower than the national average (3.8 vs 3.9 in 2021).

In 2022 in the North-East the average household income including imputed rents is confirmed at the highest level among the macro geographical areas (46,933 euros compared to the national average value of 41,004 euros) and shows the highest growth at current prices compared to 2021 (it was 44,333 euros in 2021). In 2022, also the Centre records a sharp increase in the average level of household income including imputed rents (42,742 euros from 40,500 euros in 2021). In the South and Islands, there is the lowest value of the average household income including imputed rents, even if there is an increase compared to the previous year (33,140 euros from 31,363 euros in 2021). In the North-West, the average household income including imputed rents is far higher than the national one and growing compared to 2021 (44,564 euros from 43,346 euros in 2021).

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 2022 there is a reduction of the estimated value for the Gini coefficient (0.315 from 0.327 of 2021).

In the South and Islands the Gini coefficient (0.321) is higher than the national average, while Centre (0.305), North-West (0.295) and North-East (0.282) show a marked lower value. Between 2021 and 2022, the Gini coeffcient improved clearly in the North-West (0.295 from 0.323 in 2021) and slightly in the North-East (0.282 from 0.290 in 2021). In 2022, in the other two macro areas inequality remains in line with the values of 2021 (in the Centre is 0.305, it was 0.304 in 2021; in the South and Islands is 0.321 from 0.324 in 2021).

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 2007-2022, mean values in Euros (Base 2022=100) and income ratio



STRUCTURAL CHANGES IN INCOME SUPPORT POLICIES

In Italy, the year 2022 was characterised by far-reaching structural reforms of social protection policies. Thanks to the overcoming of the restrictions imposed on company workers during the health emergency and the economic recovery from the crisis triggered by the pandemic, the Government was able to decree the definitive abandonment of emergency income support policies for workers as of 2022. Therefore, measures such as the emergency income, the baby-sitting bonus, lump-sum bonuses for workers not eligible to wage subsidies, and the Covid-19 wage subsidies themselves, was permanently removed from the political agenda. The abolition of the extraordinary institutions led to a reduction in social expenditure for employment protection of approximately 7.4 billion of euros less than in the previous year (2021).

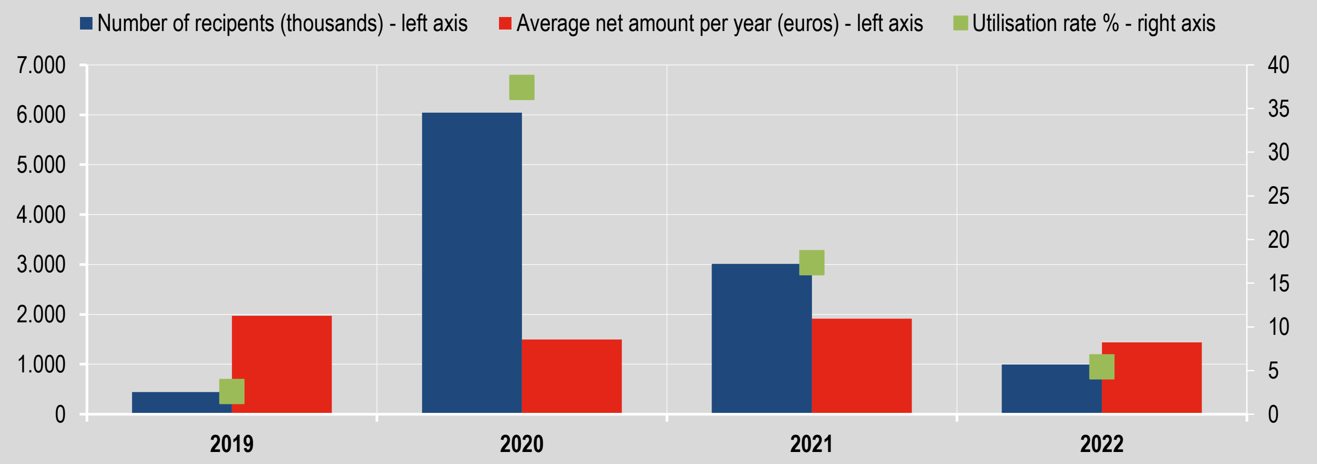
Net social expenditure on wage subsidies returns to pre-pandemic levels

In Italy, net social expenditure to compensate for the forced reduction in paid working hours has been continued to decrease: from the peak of 9 billion of euros in net wage subsidies reached in 2020 (at the height of the pandemic), in the following year it fell by more than a third, with a recovering economy, to drop sharply to a level of 1.4 billion of euros in 2022. Over this three-year period, the number of workers protected by the measure decreases at the same rate: the 6 million workers in 2020 will be halved in 2021, and then reach 1 million in 2022. The utilisation rates of wage subsidies, evaluated per 100 private sector workers, decreased in the same way over the three years: from 37.4 % to 17.3 %, down to 5.4 %. The values observed in 2022 are not very different from the levels recorded in the pre-pandemic year (2019), where wage subsidies covered the wage loss of 440,000 workers, spending around 900 million euros (Figure 5).

Slight increase in recipients and transfers on citizenship income

The citizenship income (RdC) continued to be the most relevant structural measure against poverty even in 2022. While in 2019, there were 970,000 RdC beneficiary households, accounting for 3.8% of the total households, in the next two pandemic years 2020 and 2021 these shares rose to 5.3 per cent and 5.9 per cent, respectively, to reach 6.3 per cent in 2022 (equivalent to 1.65 million units in absolute terms), with an average annual benefit of 5,522 euros. The incidence of households assisted by RdC rises to 18.2% among those in the poorest fifth and 7.2% for those in the second poorest fifth (Figure 6). The transfer covers on average 27.6% of the total income of the beneficiary families, reaching up to 39.2% among those of the poorest fifth. However, the effectiveness of the measure declined slightly compared to the previous year: -2.7% and -3% respectively on the covered share of total household income and of the first fifth. In terms of total expenditure, 8.7 billion of euros was spent for this purpose in 2022, slightly more than the previous year (+2.7%).

FIGURE 5. WAGE SUBSIDIES: NUMBER OF RECIPIENTS, AVERAGE AMOUNT PER YEAR AND UTILISATION RATE. Years 2019-2022, absolute values (thousands), average in euros, and percentages per 100 private sector employees



The differential between the South-Islands and the rest of Italy, measured in terms of the ratio of RdC households to total resident households, persisted even in 2022: in the former geographical area, this incidence reached 12.8%, far higher than in the latter: the North-East (1.6%), the North-West (3.8%) and the Centre (4.2%). Households with five or more members accessed the RdC to a greater extent than smaller households: more than 11% of the former, compared to between 5.7% and 6.3% for smaller households. Approximately 10 per cent of households with at least one foreign member have the RdC, almost twice as many as households with only Italian nationals.

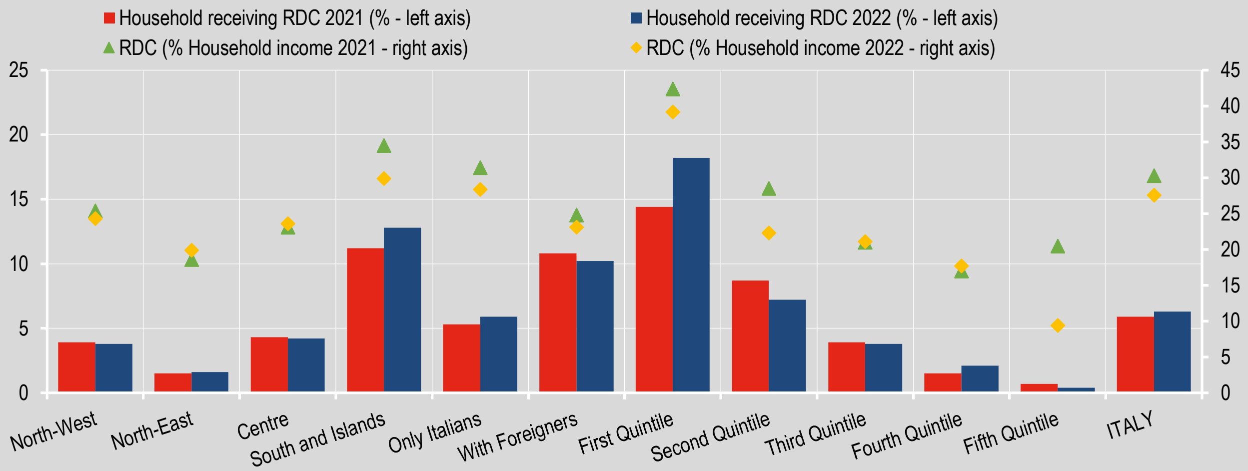
7.8 million recipients of family allowances

In this evolving policy agenda, the reform in support of families and work-life balance has been included, with the launch of the new universal child allowance (so-called: Universal Child Benefit - AUU) as of 1 March 2022. This measure replaced a preponderant part of the tax/social benefits provided by the previous regulatory framework, i.e. family allowances (ANF) referring to the same household types, family tax credits and other minor interventions. Compared to the previous family allowances, the universal child allowance is characterised by universality, as it is guaranteed at a minimum level to all families (being domiciled in Italy or having previous residence in Italy for at least two years) with dependent children under 21 years of age and without income/wealth limit (ISEE indicator).

In 2022, around 7.8 million of applicants received family allowances (AUU/ANF), with an average annual amount of about 1,930 euros, for a total expenditure of 15.1 billion euros. At the household level, these cash transfers covered 7.3 million of units, with an average benefits estimated at 2,055 euros per year. Compared to the pre-reform year, there was a net increase of about 2 million applicant-beneficiaries, equivalent to 1.7 million beneficiary households (+31%). In this case, the net increase was obtained by deducting the 600,000 families who lost their previous family allowance.

Thanks to the introduction of this all-inclusive child allowance, there has been an evident rise on social spending addressed to dependent children, with a gross inflow of 8.8 billion of euros (+139% respect to 2021). The effect of the reform resulted in an annually average increase of 1,200 euros per household and an average of 863 euros per capita in the subgroup of recipients who continued to receive family allowance in 2022. The AUU benefit, unlike the previous instrument, entail the cancellation of tax-credits for children up to the age of 21. The loss of access to tax credits because of this reform is estimated to have reduced the disposable income of households by about 3.9 billion euros (taking into account their tax capacity). In conclusion, the reform of family allowances (including tax and social policies) produced a net increase of about 4.9 billion euros in the disposable income of the households involved, equivalent to an average increase of 670 euros per year.

FIGURE 6. HOUSEHOLDS RECEIVING CITIZENSHIP INCOME AND TRANSFERS AS A SHARE OF RECIPIENT HOUSEHOLDS INCOME. Years 2021 and 2022, out of 100 households and percentage of total household income.



38.2% of households with an AUU did not access to old family allowances (ANF)

The analysis of the SILC longitudinal data shows that 16.8% of the households maintained the right to the family allowances pre-reform (on average they received 410 euros per year and in 50% of the cases they were supported by pensioners). While, 45.0% were involved into the transition from the previous allowances to the new Universal Child Benefit (in 84% of cases they were made up of couples with minor children and received an average annual subsidy of 3,050 euros). Finally, the remaining 38.2% were represented by new beneficiaries, i.e. those who were not previously entitled to any family allowance (on average received 1,730 euros per year, in 73 per cent of cases they lived in household with minor children and in 25 per cent they were supported by self-employed).

A projection to 2022 of the monthly amounts referring to family allowances previously received shows that 9.6 per cent of households, while maintaining the right to the benefit, suffered an economic loss due to the transition to the new universal child support measure, attributable to the change in eligibility criteria (-95 euros per month on average). While, 5.1% maintained almost identical benefit levels (within the range ±10%). Finally, the remaining 85.3% gained compared to the pre-reform situation (+170 euros per month on average).

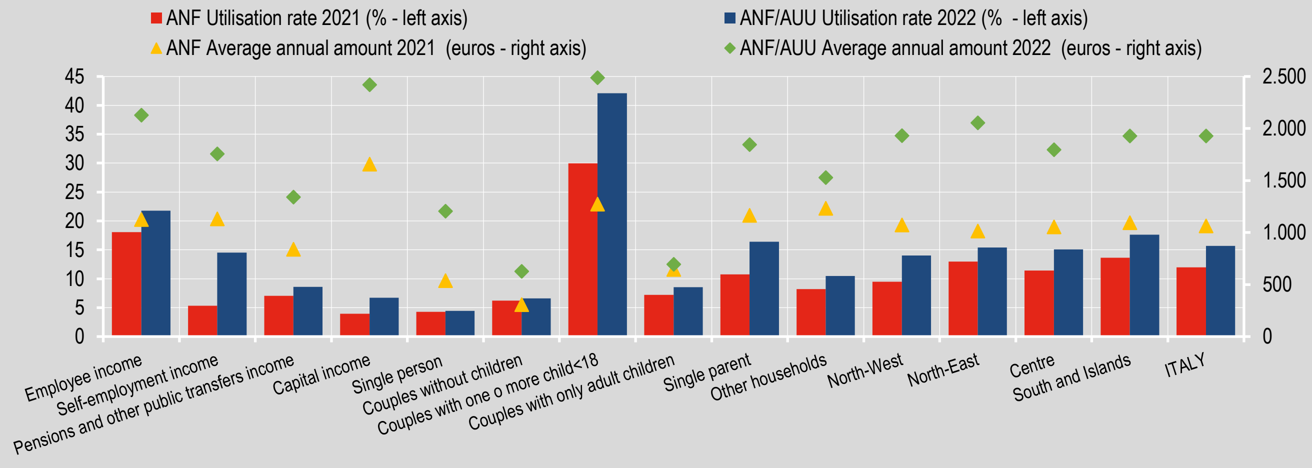
Comparing the situation before and after the introduction of the AUU, we notice that the number of female beneficiaries increased (+58%) greater than men (+19%). Moreover, the access to the benefit raised significantly among those with at least an upper secondary school education (46%), among those living in couples with minor children and in single-parent families (respectively +40% and +56%). Particularly notable is the growth of self-employed, their presence almost tripled compared to the previous year (Figure 7). Before the reform, in fact, the family allowances were typically targeted at households with predominantly employment income (or retirement income of former employees). Furthermore, the reform produced contradictory distributive effects: the recipients increased considerably in the poorest fifth of the distribution of equivalent incomes (+50%), as well as in the richest fifth (+50%), because of the universality principle of the new measure. Finally, at the territorial level, a higher growth was observed among beneficiaries residing in the North-West regions (+49%).

More than 27 million citizens received energy bonuses

The 200 euros bonus, and the subsequent 150 euros supplement, is the other important measure established in 2022. It is a one-off measure to relieve households from the increased cost of living triggered by rising commodity prices. It is designed to provide a small subsidy to workers, pensioners, the unemployed and the self-employed with incomes up to 35,000 euros (up to 20,000 gross income per year in the case of the 150 euros bonus).

In Italy, more than 27 million citizens received energy bonuses of 150 and/or 200 euros in 2022, for annually average amounts of about 270 euros. Overall, these are transfers of relatively modest value that nevertheless reach a high share of the population (around 54% of people over 15 years of age), generating an estimated total expenditure of about 7.3 billion of euros.

FIGURE 7. ANF/AUU RECIPIENTS: UTILISATION RATE AND AVERAGE AMOUNT RECEIVED BY MAIN SOURCE OF INCOME, FAMILY TYPE AND GEOGRAPHICAL AREA. Years 2021 and 2022, out of 100 individuals with same characteristics and average in euro

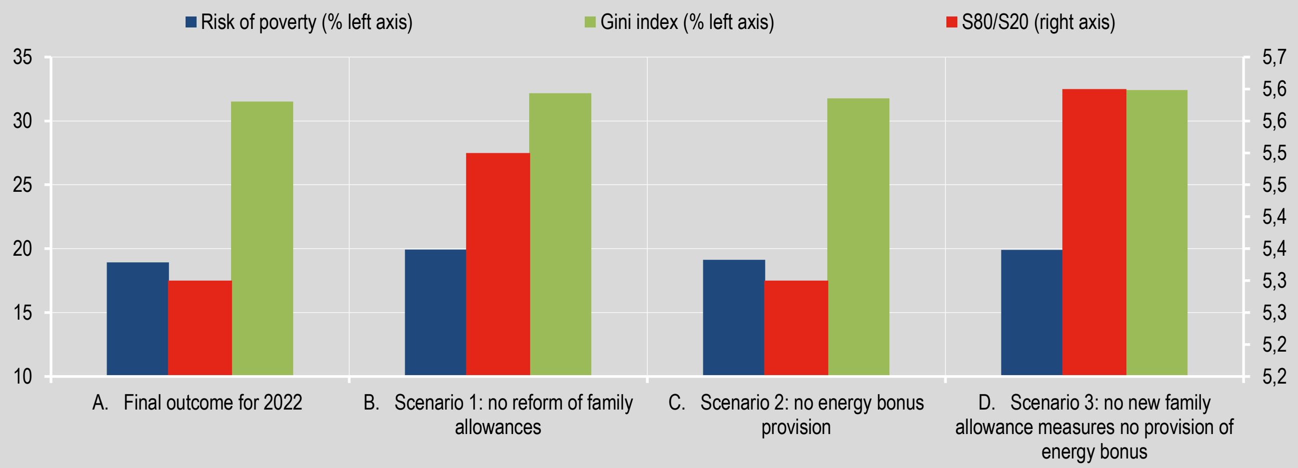


In terms of composition, energy bonuses recipients were equally distributed between men and women (49.4 percent and 50.6 percent, respectively), characterized by higher presence of elderly (36.3 percent) respect to the other age groups. The last ones, individually taken, show a proportion ranging from 13 percent to 16.5 percent. These recipients were overwhelmingly represented by Italian citizenship (93.7 percent), almost one in two had employment as their main source of income, while another 40 percent was able to rely mainly on income from pensions or other government cash transfers. They most often belong to the middle class: 70 percent of the beneficiary population was in the three central classes of the distribution of equivalent incomes (2nd, 3rd and 4th fifth), while recipients of the poorest fifth (12.9 percent) were underrepresented. Finally, there was a higher proportion of recipients living in South-Islands and North-West (28.6 percent and 28.3 percent, respectively), a pattern that reflected the spatial distribution of the population over 15 years across the same geographic areas (33.5 percent and 26.8 percent).

ANALYSIS OF THE DISTRIBUTIONAL IMPACT OF NEW WELFARE MEASURES

This section illustrates the main distributional effects on household incomes of the reform of family allowances and/or energy bonuses of 200/150 euros. In this exercise, the situation happened in 2022, after the introduction of the new measures, is taken as factual. As a counterfactual, the following hypothetical scenarios are compared: 1) no reform of family allowances, with the 2021 set-up being maintained, all other things being equal; 2) no support to households for higher energy costs, all other things being equal; 3) a combination of points 1 and 2, i.e. disapplication of both reforms (i.e. family allowances a monetary support to compensate higher energy costs). To assess the impact of the measures described above on the main indicators of inequality and poverty, the distribution of equivalent incomes, ex-post (situation in 2022) and ex-ante of the implementation of the new policy programmes, is taken into account. In this way, it is possible to isolate the effect of each policy, or their combination, in terms of containing inequality and the risk of poverty in 2022. The reform with the greatest distributional impact on household incomes for 2022 seems to be the one related to the introduction of the Universal Child Benefit. In fact, compared with the hypothetical situation of non-application (scenario 1), the effect would be a reduction in the risk of poverty by almost one percentage point and, at the same time, an increase in the equity of the distribution of equivalent incomes (-0.66% on the Gini index) (Figure 8). Conversely, the effect of the introduction of energy bonuses seems to be narrower: they would alleviate the poverty risk by 0.2 percentage points reducing income concentration by 0.24%. Other things being equal, we can state that the disapplication of the two income support reforms in 2022 (scenario 3) would have generated a socio-economic situation, evaluated in terms of poverty risk and level of inequality, very similar to that experienced in 2021.

FIGURA 8. THE DISTRIBUTIONAL IMPACT OF THE WELFARE MEASURES ADOPTED IN 2022: POVERTY RISK, GINI INDEX AND INCOME QUINTILE SHARE RATIO (S80/S20). Year 2022, percentage and income ratios



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 2023, the poverty threshold (calculated on 2022 incomes) is equal to 11,891 euros per year (991 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.

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 household are aged 67 or over, or if the household 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.

Energy bonuses 200/150 euros: these are "one-off" allowances, introduced by the Government as measures to support families in 2022, in a period of economic crisis linked to the increase in energy costs and the cost of living. The 200 euro bonus, established with Legislative Decree no. 50/2022 (articles 31-32 relief decree) and subsequent DL n. 144/2022 (art.18, paragraph 1 ter relief decree), was aimed at a wide range of people put in difficulty by the increase in energy costs. In particular, the following were included in this support measure: workers, pensioners, the unemployed with an income of up to 35 thousand euros, and self-employed workers. Alongside this bonus, a new "one-off" allowance was subsequently introduced with the Ter Relief Decree, worth 150 euros (150 euro bonus), intended for employed, self-employed, pensioners and disabled workers with incomes of up to 20 thousand gross euros per year. The target audience of these measures was subsequently expanded in December 2022, with the addition of self-employed workers and professionals without a VAT number and other categories of workers who had initially been excluded.

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. They are 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.

Family Nucleus Allowance (ANF): it is a social security benefit, established with the aim of economically supporting the families of employed workers and pensioners from employed work, whose families are made up of several people and whose incomes are below of limits established from year to year by law. The allowance is payable in different amounts in relation to the number of household members and the income of the household. The recognition of the allowance in favor of the employee or pensioner is conditional on the fact that the overall income derives mainly from employment or a pension (categorical measure). The allowance, in fact, is only payable if the sum of income - deriving from employment, pension or other benefits resulting from employment (salary subsidies, unemployment, etc.) - referring to the household as a whole, amounts to at least 70% of the entire family income.

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 Harmonized 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.

Universal Child Benefit (AUU): established with the Legislative Decree. 230/2021, implementing the delegation to the Government of L. 46/2021 is economic support for families awarded for each dependent child starting from the seventh month of pregnancy and up to the age of 21 (if certain conditions are met) and without age limits for disabled children. It is defined as single, as it is aimed at simplifying and simultaneously strengthening interventions aimed at supporting parenthood and birth rates, and universal as it is guaranteed to a minimum extent to all families with dependent children. The amount of the benefit is no longer modulated exclusively on the basis of the family income, but also takes into account its wealth (incorporated in the ISEE). In 2022 the minimum amount of the AUU is 25 euros per month for each child aged between 18 and 21 in families with an ISEE over 40,000 euros.

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 2023, of 29,424 households (for a total of 59,310 individuals), distributed in about 800 Italian municipalities of different demographic size; the survey was conducted from March to July 2023.

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 household economic support measures are mainly based on administrative data from INPS and from tax sources. 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 2023

	2023				
				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)	22,8	0,5	2,3	21,8	23,8
At risk of poverty rate (out of 100 individuals)	18,9	0,5	2,7	17,9	19,9
Severe material and social deprivation – Europe 2030 (out of 100 individuals)	4,7	0,2	5,2	4,3	5,2
Low work intensity – Europe 2030 (out of 100 individuals)	8,9	0,4	4,2	8,2	9,7
Net household income (year 2021, average in euros)					
Excluding imputed rents	35.995	272,6	0,8	35.461	36.529
Including imputed rents	41.004	283,8	0,7	40.448	41.561
S80/S20	5,3	0,1	1,6	5,1	5,4
Gini coefficient	31,5	0,8	2,5	30,0	33,1

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:

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

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; the index is therefore more sensitive to changes that occur in the middle of the 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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